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OVERSIGHT OF THE FEDERAL-AID HIGHWAY PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER RESOURCES,
TRANSPORTATION, AND INFRASTRUCTURE

OF THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

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OVERSIGHT OF THE FEDERAL AID HIGHWAY SYSTEM

MONDAY, DECEMBER 10, 1990

U.S. Senate,
Committee on Environment and Public Works,
Subcommittee on Water Resources,
Transportation, and Infrastructure,
Reno, Nevada.

The subcommittee met, pursuant to notice, at 9:00 a.m. at the Hall of Fame Room, Lawlor Events Center, University of Nevada at Reno, Nevada, Hon. Harry Reid (acting chairman of the subcommittee) presiding.

Present: Senator Reid.

OPENING STATEMENT OF HON. HARRY REID, U.S. SENATOR FROM THE STATE OF NEVADA

Senator Reid. Good morning, this hearing of the Subcommittee on Water Resources, Transportation, and Infrastructure is called to order. We are here today to address transportation issues in northern Nevada. Our goals are, one, to unite Federal, State, and local officials in a coordinated transportation strategy for northern Nevada; to reduce existing traffic problems; anticipate and solve transportation problems before they become unmanageable; and get more money and other resources for northern Nevada's transportation needs.

Transportation is a quality of life issue that affects all of us. It affects people stuck in traffic jams on the way to work or to recreation. It affects shopkeepers who want their merchandise delivered on time. It affects everyone who has ever needed a taxi, an ambulance, or a police car. It is certainly a quality of life issue because traffic congestion creates other problems, like air and noise pollution. And of course, it affects tourism, our number one industry, because people rely on transportation to get here.

Transportation is as important to our quality of life as water, something we all know a little about. Obviously, transportation and traffic flow are not as controversial as the flow of water in the Truckee-Carson Meadows, but there are people who say that we shouldn't get involved, that it may be too difficult. But that's why we're here today, to tackle a problem that is difficult, complicated, contentious, and even controversial.

In the final hours of the 101st Congress, the loudest battle was over the budget. You know the story, the one where the President said, "Read my lips, then my hips." The loud, raucous, and highly emotional battle was really a series of smaller battles rolled into one. One of the smaller battles was over highway funds. Big States, those with a lot of people, tried to sneak a change into the overall budget bill. They wanted to alter the formula used to distribute highway funds. Under this change in formula, Nevada and other western States would have lost millions of dollars in highway funds. We won that first skirmish, but our opponents are still hard at work, planning new attacks on the formula. We can expect many new assaults over the next nine months.

Many of the other 49 States want to deprive us of our fair share of Federal highway money. By the end of this fiscal year, September 30, 1991, Congress will have passed legislation reauthorizing highway programs. This legislation comes approximately every four years. The fights over this legislation will be of heavyweight championship class. Already the Administration and some national highway organizations have announced proposals that will cut into the heart of Nevada's transportation needs, as the fastest-growing State in the country.

In the Senate, highway reauthorization is under the jurisdiction of this committee, the Committee on Environment and Public Works. Therefore, I will be in the vanguard of efforts to protect Nevada's fair share of highway funds. To succeed we must strike first.

I will introduce a bill at the beginning of the 102d Congress, along with Senator Bryan and some other western Senators, that guarantees Nevada its fair share of highway funds. That's why unity in transportation is so important for all Nevada officials—Federal, State, and local. Victory requires us to speak with one voice.

As a result of the Transportation panel I held in Las Vegas earlier this year, leaders at all levels of the State have cooperated to present a common front on all transportation issues. The congressional delegation is united. The State of Nevada has worked closely with the delegation, and officials in Clark County have been very cooperative.

I will state for the record that Barbara Vocanovich is unable to be here today, but is part of this team effort that must be forthcoming to make this successful.

We are here in Reno to continue this process. I am here to gather your views on transportation and how it should be addressed at the National level and then take it back to Congress. I am also here to urge you to become partners with me, the congressional delegation, the State, and even Clark County.

Back in Washington, the U.S. Department of Transportation doesn't think in terms of northern versus southern Nevada. To them we are one State with only two members out of 435 in the House of Representatives. We are only two Senators out of 100 representing a State with a small population—less than one half of 1 percent of all the people in our country. If we don't speak with one voice, they will roll over us like Tyson over Stewart last Saturday.

In the past we have not spoken with one voice. We won't get the money and resources to solve our problems if we don't speak with this one voice.

The Nevada Department of Transportation says that we will need $4.6 billion to meet our transportation needs over the next 10 years. How much do we have? Only $1.7 billion, roughly one third of what we need. We are $2.8 billion short. A single, large project can eat up a large share of that money. Rebuilding a major intersection can cost over $100 million alone. There are a number of projects waiting for the money. The 395 bypass around Carson City that has been talked about for a long time is estimated to cost in excess of $130 million.

Our money problems don't stop there. The Federal Government has pressed the States for a decade or more to do something to fund transportation programs on their own. Nevada has done its part. We have the highest gas tax in the country at $0.22 a gallon. The national average is far less. What do we get for these efforts? Proposals from national organizations that we should surrender our fair share of the Highway Trust Fund. We must fight this highway robbery.

Nevada is the fastest-growing State in the country. Our transportation needs are greater than most. To address this problem, we need to build new roads and maintain existing roads. Who will ever forget the dismal condition of I–180? It is so deteriorated that this past summer consideration was given to close parts of it. Consider how far behind we are.

Here are some of Nevada's grim statistics that you will hear repeated here today: 14 percent of our urban highways are deficient, as are 15 percent of our bridges; 31 percent of our interstate miles are in poor condition; 45 percent of urban interstate miles are in poor condition, as well. Just three years ago, in 1987, none—and I repeat, none—of the interstate miles were in poor condition. So we have a lot of work to do to save ourselves some transportation problems that can destroy our quality of life in our outstanding economic climate.

Like every great challenge, we cannot win this one alone. We have an aggressive congressional delegation, but it is small. We have State officials led by Governor Miller who understand the problem, and they are ambitious with their transportation plans, but they have problems with viable sources of revenue to pay for these programs.

Here in northern Nevada we have numerous local bodies addressing the problem, yet often lacking jurisdiction or authority to solve them. The only way to succeed is to work together and speak with one voice.

Today's hearing is only the first step. We have gathered Nevada officials and nationally recognized experts on transportation issues. As distinguished as the witnesses are, I am asking them to limit their testimony. This will allow an opportunity for questions and discussions based on this outstanding testimony.

There is a saying: "Those who do not learn from history are doomed to repeat the mistakes of the past." Our economic and population boom is not only the fastest in the country, but also the newest. We have the benefit of seeing the mistakes of other cities and other regions. We know the history and consequences of poor planning. With this hearing we are demonstrating the will to avoid the mistakes made by others. Nevada can have the number one transportation network in our country. We can be the best-planned, most unified State of all.

We passed a landmark water bill by forming a coalition that spoke with one voice. Let's try to do the same thing with transportation: speak with one voice so we can do historic things together.

Thank you very much.

This morning the first witness will be the Honorable Bob Miller, Governor of the State of Nevada. We would also ask Senator Bryan to come forward if he would.

Governor Miller.

STATEMENT OF HON. BOB MILLER, GOVERNOR, STATE OF NEVADA

Governor MILLER. Thank you, Senator Reid.

I'm going to limit my oral presentation to a brief overview of my formal statement, which will be provided to your office for record later this week.

Senator REID. We will make sure that entire written statement is part of the record in its entirety.

Governor MILLER. Thank you.

First, I'd like to thank and commend the Senator for holding these hearings on this important subject, first in Las Vegas and today in Reno.

You are also to be commended for your leadership on behalf of Nevada on the Appropriations Committee.

With you and Senator Bryan I feel that Nevada has a strong effort in highway funding and advocacy in spending down the Federal Highway Trust Fund. These efforts are extremely important because in 1991 we may be facing the watershed year for this country's transportation systems as the legal authorization for surface transportation programs lapses and must be reauthorized.

As Congress embarks on its review and reauthorization of the Federal highway program it is useful to go back to the basics on highways. What is the value of a highway system to this Nation? Put simply, no nation without it—and to the degree that there would be no Nation without it, and to the degree that the national highway system is weakened, so will our Nation be weakened. That point was recognized at the beginning of the Nation's transportation system and has continued to be a consideration at each and every crucial juncture in the system's development, including previous authorizations.

The evolution of the current Federal highway system occurred over a period of more than 70 years. The system in its present form carries the lion's share of the Nation's traffic and goods. The people in the country would go without a vacation if it were not for our highway system. In fact, people would not eat without the present highway system.

The adequate highway systems must be maintained to provide for the movement of people and goods from farm to market and State to State.

We must never lose site of the underlying and most basic purpose of the highway system: to make it possible for the United State to function effectively as a single nation. The road building is an essential element of the Nation's building, and the Nation's building is a never-finished task.

The transportation investments must be increased—the highway productive investments, not the consumer products. Without these investments, which have not kept pace with the growth of the economy, the economy will suffer and public revenues will be reduced. Highway spending is a winner, not a loser.

In establishing a national policy for the highway program one consensus principal should be that transportation investments must be increased. Another is that the Federal Government should continue to play a significant role in transportation. The Federal share of the highway spending has been declining and the Federal commitment to the national highway system has been wavering.

State governments have been taking up the slack, but only the Federal Government is in a position to fulfill both financing and oversight functions. This guarantees the existence of a national highway system.

The Nation must remain committed to a national highway system and not just the highways of national significance. We cannot build a human body on major arteries alone. You need smaller capillaries to make the system complete. So it is with highways. Our largest freeways are dependent on State highways to make the whole national system, and 50 separate State highway systems do not add up to a national system.

In Nevada's case we have a relatively small population, but the fastest-growing State in the country over the last two decades. Nevada is the Nation's most urban State measured by the percentage of population in metropolitan areas, but it is also one of the Nation's least densely populated States.

All told, Nevada has 50,000-plus miles of roads with 5,400 miles on Federal aid highway system. Nevadans pay the highest State and local gas tax in the Nation, and per capita Nevadans spend more on highway user fees than residents of any State because of the high gas tax and the great distances that we must drive.

Under that backdrop, we are concerned about the upcoming reauthorization, particularly in light of some of the proposals that have been put forth—and I won't go into detail about those proposals this morning other than to note that some of them would have a significant impact on Nevada and renege on the Nation's commitment to a truly national highway system.

We must have a highway program that delivers more resources to maintaining, enhancing, and expanding the interstate system. We must continue to respond to both the constant and changing elements of the economy in order to deliver materials, products, and people as efficiently as possible, and we must bring the characteristics of the transportation system in urban areas up to the demands of today and tomorrow. We must make possible for rural areas to continue to make full contribution to the Nation's economy and to be full participants in our Nation.

Let's get at it. Let's work together. State, Federal, and local governments, extend the Federal highway program in a form that we can be proud of. And we had better be successful, or we will be driving a new generation of Olds on grandpa's old highways.

Thank you.

Senator REID. Governor Miller, as Governor you are constantly faced with choosing among competing priorities, including highway financing. Tell me how these choices have been affected by the Federal financing decisions in recent years and indicate the consequences for Nevada of the withholding of Federal highway funds.

Governor **Miller**. They are significantly affected. I think in your opening remarks, Senator, you indicated the fact that we estimate over a $4.5 billion need in the next decade in the State of Nevada, and we have identifiable about $1.7 billion in construction funding available.

One needs only look back, as I pointed out, to the history of our country to see the problems that presents. When the Nation was founded and the transportation system was founded the population centers and the growth of our country were in the eastern United States. That transportation infrastructure was met at that time. Now the growth of the country is in the western United States and we are having a very difficult time getting the same proportionate share and concern about the allocation of funding to meet these new growth needs in a burgeoning part of the country. It is a concern that I share with western Governors. I know Senator Bryan shared it before me. I think the western governors are united in our belief that it is important that we emphasize to the Congress and to the Administration the fact that we absolutely have to have transportation dollars in order to meet our transportation needs or we will face an infrastructural collapse in the western United States.

Senator **Reid**. Governor, what impact has Nevada's spectacular growth had on the demands that you face regarding highway financing?

Governor **Miller**. As you know, we are the fastest-growing State in the country. That is most evident in our urban corridors—particularly in southern Nevada where we have about 4,000 new families every month moving in. We have very significant congestion problems there—for example, in a lack of highways—that cause the east-west traffic to be greatly impaired and the delay time to be significantly increased, perhaps more than double what it was just a few years ago.

It is evident also here in the northern Nevada corridor. Some of our roads are decaying, particularly the State-controlled roads that we have difficulty obtaining sufficient funding for. The Reno area has become much more congested. Reno and Sparks are seeing traffic problems that heretofore were non-existent. The traffic to and from Carson City, our State's capital, is significantly enhanced and we need to continue to expand the roads that traverse that corridor of the State, as well.

Senator **Reid**. Governor, you noted that Nevada has not shirked its responsibilities in supporting highways. Explain what you mean by that.

Governor **Miller**. Well, I think, Senator, you pointed out also in your opening remarks we lead the Nation in taxation. Also, on a spending-per-capita basis, Nevadans spend more on transportation than do any other States. Because of the fact that we have such a dense State in the urban areas and such a sparsely-populated State in the rest of the State, it occasions more frequent travel of longer durations than you see in other States. We are very concerned about that. The fact that our State's population of a little over one million—approximately 1,200,000—has a very difficult time on a proportionate basis taking care of 54,000 square miles of roads. On a comparative basis, we have more roads than most other States, as you are well aware, and have a much smaller population base upon which to draw. So we have stretched our resources virtually as far as we can.

The price of gasoline has gone up across the country. The fact is that it will go up again with the budget deficit talks. But you must understand that Nevada starts at the point of taxing higher than anybody else, and so the impact on the cost of petroleum and other products is going to be most significant in Nevada.

Senator REID. Governor, States like Texas, Colorado, California, New York, raise gas tax by 1 cent and it produces a lot more money that we get, even though a mile of road costs the same whether you are building it in L.A. or in Las Vegas or Reno; isn't that true?

Governor MILLER. It's absolutely true. Basically that goes back to my comments that we have such a small population base.

Under the existing highway authorization bill, as you know, we get more than $1 for the $1 that we put in. That is a necessity for our State. It is not equitable for the country to turn to a formula, for example, as has been suggested, of every $1 coming back to the State of origin. That might work well for the most-populated States, but it is extremely unfair to those States with the smaller population. If, in fact, this is a national Federal highway reauthorization plan, then it should take into account the imbalances we have across the country.

We see the same is true, for example, even in our own State funding formulas where we require our urban centers in part to help contribute to our rural areas where they have less income to be able to meet their needs. That formula works in a State like ours. It should be the same consideration at the Federal Government level.

Senator REID. I have a couple more questions.

In your view, what are the most significant features of a highway reauthorization bill that will be satisfactory to you in the State of Nevada?

Governor MILLER. I was one of four Governors that, on behalf of the National Governors' Association, met with Chief of Staff Sununu, Secretary Skinner, and others at the White House talking about transportational issues. We feel that it is very important that they look at the entire picture in the reauthorization plan. The existing plan is most fair to States of small population and large geographic areas such as our State. That is very important.

I also feel that the effort Senator Bryan and yourself are making on the release of the Federal Highway Trust Funds is an important ingredient. We consistently see that fund retained in an accounting stunt to make the Federal deficit look smaller. The GAO has indicated that it cannot be utilized for any purpose other than highway construction, and reauthorization. Therefore, it is really lying to the public to keep it as part of a Federal deficit plan. That was the point we emphasized. We were told at that time that because of the conversations that were still to come on the budget deficit reduction that no specific answer could be given to our request that that be spent down. We are hopeful that will continue to be the case, however, and that it will be spent down and that the proposals like Senator Bryan's and your own will be effective in there.

We feel it is important in considering what the nation's needs are to recognize that the amount of roads is as important as the amount of people, and therefore don't place every dollar into the State from which it is derived, because those States have less miles to repair than do some of the less populated States like ours.

Senator Reid. Governor Miller, as a result of the hearing similar to this that was held in Las Vegas earlier this year, there have been some efforts by people throughout the State of Nevada, including yourself, to develop a closer contact with the Federal highway authorities, including the Secretary of Transportation. Would you relate whether those meetings that you have held in Washington and in other places in Nevada with the Secretary of Transportation and his assistants and deputies has been fruitful, in your opinion.

Governor Miller. Certainly there has been a significant degree of cordiality. Of course, that is only the most basic of steps. The fact that under the leadership of both Senators that we were able to bring the Secretary to Southern Nevada; and then I was able to meet with him in southern Nevada again; we have encouraged him to come to northern Nevada, which he said he would like to do; we have had the Under Secretary visit the State, as well; I have met with them on two occasions in Washington, D.C.; and I am a member of the National Governors' Association Transportation Committee—under the chairmanship's request I was one of four governors that met with him at the White House discussing it. The only other western governor was the Governor of Utah—I think that puts us a little bit up in the respect that we have had more of his time and attention perhaps than some of the more sparsely-populated States. We have been able to bring the message directly, and I think that is a very positive thing.

He has made no commitments in the course of any of those meetings other than to make suggestions that we do exactly what we are doing, and that is work in a cooperative effort with all other Western States, as well as all other States of sparse populations, to ensure that there be an equity or balance in any reauthorization plan. I have never heard him be specific about exactly what the Federal Government's plan will be, and I don't think anybody else has heard those specifics at yet.

I do think it is to our advantage, because when anyone is in charge of allocating on a nation-wide basis it is advantageous if they remember that they have talked to the congressional delegation of that State recently or that the governor of that State has been in their office or has been a national representative on behalf of the Governor's Association.

So yes, we have a good relationship as far as that goes, but the overall plan, the overall concerns that we have, haven't been ameliorated by that.

Senator Reid. Governor, thank you very much for your testimony.

Governor Miller. Thank you.

Senator REID. And thank you, as well, for the cooperation of your entire Transportation Department. It has been excellent.

Governor MILLER. Thank you very much.

Senator REID. Senator Bryan has agreed that I call a witness out of order. Senator Bryan and I have been advised that Bruce Aguilera, who is the vice-chairman of the California-Nevada Super Speed Train Commission, has been called back to southern Nevada unexpectedly.

I appreciate very much, Senator Bryan, your understanding.

Please proceed.

STATEMENT OF BRUCE AGUILERA, VICE CHAIRMAN, CALIFORNIA-NEVADA SUPER SPEED TRAIN COMMISSION, LAS VEGAS, NEVADA

Mr. AGUILERA. Thank you, Senator. And thank you, Senator Bryan.

I will also, as Governor Miller did, highlight my prepared testimony that I have submitted earlier today.

I am pleased to have the opportunity to speak to you today. My presentation is on super-speed trains. I have brought with me a video presentation that will give you a visual taste of what super-speed trains are and what the current project in Nevada and California is all about. If time permits, I will let you view the video after my remarks.

Senator REID. Why don't we watch it first, because you can catch the 10:30 plane.

Mr. AGUILERA. Okay. Let's start it.

Senator REID. How long does it take, Bruce?

Mr. AGUILERA. About eight minutes.

[The audio portion of the video presentation follows:]

VOICE. Over the years, railroad and mass transit systems have taken a back seat to the automobile. As highways become more crowded, as the airways become more congested, as the air becomes more polluted, we must look at alternative ways to move people safely, comfortably, affordably.

The States of California and Nevada have taken that challenge and are meeting it head on. How? By revolutionizing the way Americans will travel.

SECOND VOICE. We are in a race with the major industrial countries of the world. They are in the process of developing high-speed surface transportation. The California-Nevada project is our entry into this race. We need California to do it and succeed with it, and we need to dominate this new technology of high-speed surface transportation.

VOICE. In 1988, the California-Nevada Super Speed Train Commission was formed to jointly consider and pursue the development of the Nation's first long distance super speed train. The commission has made remarkable progress during the past three years. They have already laid the groundwork for a super speed connection linking the Las Vegas valley with Anaheim, California.

VOICE. The corridor between Anaheim and Las Vegas will reduce about 33 million miles of automobile traffic. That's a reduction of 33 million miles. It will reduce about 17 percent of the gasoline consumption in that corridor and replace it with clean electricity. Of course, we know what the oil crisis is in America today and how important this is.

VOICE. The commission has elected to go with the technology of the future.

VOICE. The steel wheel and its technology is outstanding, but it is 20th century technology. This commission is moving into the 21st century, and the 21st century is the Mag Lev. The Mag Lev will carry us through the 20th century and beyond.

VOICE. The Mag Lev is fast and affordable transit that can transit long distances in record time. For trips under 400 miles, the Transrapid would move people even faster than airplanes.

Voice. It is my hope that we can prove that something like this is really competitive with the airlines and we could span linkages all over California and the western United States in short hops where we have airlines now doing the job, in some cases not too well.

Voice. Most importantly, the California-Nevada Super Speed Train Commission has chosen a world renowned transportation facility to thrust both States into the future. This consortium is comprised of Bechtold International of San Francisco and Transrapid of West Germany.

Senator Reid. So much for technology. [Laughter.]

I think we've got the idea.

[Tape fixed and resumed.]

Voice. Most importantly, the California-Nevada Super Speed Train Commission has chosen a world-renowned transportation consortium to thrust both States into the future. The consortium is comprised of Bechtold International of San Francisco and Transrapid of West Germany.

[Video presentation stopped.]

Mr. Aguilera. It cuts off there.

Senator Reid. You have to work on your video presentation.

Mr. Aguilera. Yes.

Senator Reid. Please proceed.

Mr. Aguilera. I apologize for that.

Overall, let me express our strong support for the investment guarantee program proposed in S. 1898, introduced by Senator Reid last year. That is the kind of Federal role we see as most appropriate in fostering early development of high speed rail in the United States. Federal rail expansion is long overdue. The Government needs to turn its attention in 1991 to transportation facilities of national significance. By that I mean intercity and interstate trains, as well as highways.

Washington should unequivocally support alternatives, especially private alternatives, for increasing the travel capacity within our Nation. The most important thing that this Federal Government can do for our project is to assure access to right of way alongside interstate and other federally-assisted highways. The most straightforward way to do this is to leave precise terms for that access to the discretion of the States in cases of additional transportation facilities such as high-speed trains.

In conclusion, I urge the Congress to move immediately to advance development of super speed ground transportation in the United States. Specifically, we need to:

One, remove any obstacles to super speed train's use of Federally-assisted rights-of-way, especially highways.

Two, provide incentives for or otherwise facilitate U.S. industrial involvement in the fabrication as well as the construction of first generation super speed train projects.

Three, commence research and development necessary and sufficient for America's entry into the second generation market for super speed trains.

Four, provide inducements for U.S. industry to get involved in people-moving systems which have been neglected for far too long.

Five, provide incentives for U.S. airlines to test the economic feasibility of switching to super speed trains for feeder services under 350 miles between city airports and to the hubs.

Six, create a climate for economical operation of passenger trains by the private sector based on super speed train technology. This may involve a new look at railroading statutes and regulations.

Seven, enact only the minimum necessary safety, health, and environmental standards for high-speed ground transportation, Mag Lev, or steel wheel.

The commission appreciates this committee's interest in and support for the objectives in projects like ours. I look forward to working with you in any way I can to move America into the forefront of super speed train technology.

Thank you very much.

Senator REID. Bruce, one of the things I think that speaks volumes mentioned in your video is where it indicates the consortium that has been formed.

Mr. AGUILERA. Yes.

Senator REID. One part of it is a foreign company—a West German company.

Mr. AGUILERA. Yes.

Senator REID. Even though this technology was invented in America by Americans, because we have been so lackadaisical in helping the private sector get interested in this, now the technology—American technology—is being used in Japan and West Germany, and we're now going to have to talk about importing that technology and that equipment unless we do something about it immediately, right?

Mr. AGUILERA. That's correct. And hopefully in second generation trains, once we get the Mag Lev here, the U.S. technology will take that and go beyond it.

Senator REID. But they're not going to do it unless Congress and the President indicate that this is a national priority so that companies like Bechtel will be willing to invest their own monies in manufacturing and development of this.

Mr. AGUILERA. That's absolutely correct.

Senator REID. Bruce, you estimate in your written testimony that it will cost about $5 billion to build a route between L.A. and Las Vegas.

Mr. AGUILERA. Correct.

Senator REID. What would that cost if the rights-of-way were additional?

Mr. AGUILERA. That would be cost prohibitive, we believe—millions and millions of dollars additional.

Senator REID. Billions?

Mr. AGUILERA. Yes.

Senator REID. So it is crucial to the economic viability of this project that the rights-of-way problem be resolved?

Mr. AGUILERA. Absolutely.

Senator REID. And you have indicated the terms you'd like to see established governing access to Federal rights of way. Would you repeat that, please?

Mr. AGUILERA. It would be to allow the states discretion on how to deal with those issues as far as granting rights of way for high speed rail.

Senator REID. And that is in keeping with what we have talked about here in the west for years—allow the States more discretion in what they do; is that right?

Mr. AGUILERA. Absolutely.

Senator REID. All forms of transportation in this Nation currently and historically have received large public subsidies; is that true?

Mr. AGUILERA. That is correct.

Senator REID. Your project is planned as a privately-funded venture, right?

Mr. AGUILERA. Absolutely.

Senator REID. Do you believe you can successfully obtain private funding for a system in competition with publicly-subsidized modes of transportation?

Mr. AGUILERA. We have had many discussions with Bechtel on that, and they're very encouraged by what they have seen so far on getting private funding for this venture.

Senator REID. This commission, which was established by an act of the Nevada State Legislature and the California State Legislature is set up to work on transportation needs of California and Nevada. Do the commission's future plans encompass anything for Reno, because we have heard from people interested in super speed trains in the northern tier of the States of California and Nevada?

Mr. AGUILERA. One of our first long-range goals that we did was to have a network of high speed trains throughout the Pacific southwest region from Reno to Phoenix through Las Vegas, to San Francisco through Sacramento, from San Francisco to San Diego through Los Angeles, and from Los Angeles to Phoenix. So the whole Pacific region would be connected with high speed trains.

Senator REID. Do you think this is fictitious pie in the sky, or do you think something like this is in the future?

Mr. AGUILERA. I think the best way to answer that is that we have eight commissioners from California and eight commissioners from Nevada, all with diverse backgrounds and different interests. I can tell you unequivocally that each one of those commissioners supports this project and is behind it 1,000 percent. This project will be a go.

Senator REID. Thank you very much for your testimony.

Mr. AGUILERA. Thank you again for allowing me to go out of turn.

Senator REID. I hope you make your airplane.

Mr. AGUILERA. I will. Thank you.

Senator REID. Senator Bryan, I appreciate very much your cooperation, as usual.

While the Senator is getting ready to testify, let me acknowledge in the audience Senator Jacobson, Senator Elect Glaum, Assemblyman Howler, Assemblyman Elect Joe Johnson, and Catherine Wizart from the Reno City Council. There are others here, but they will be testifying.

Senator Bryan.

STATEMENT OF HON. RICHARD H. BRYAN, U.S. SENATOR FROM THE STATE OF NEVADA

Senator BRYAN. Thank you very much, Mr. Chairman.

Let me preface my comments by congratulating you, as well, and complimenting you on the timeliness of this hearing. If we are going to be successful in Washington, as you pointed out in your opening statement, it is going to be important that, from a State perspective, we develop a unified strategy. I think the importance of the hearings which you convened earlier this year in Las Vegas and the hearings held today help us work in that direction.

Our transportation system is the lifeblood of our economy. In a Nation the size of ours, the free and rapid flow of raw materials, manufactured goods, and passengers is essential to the economic wellbeing. That transportation system has been so effective that we tend to take it for granted in this country. I would only point out by way of marked contrast the difficulties today that the Soviet Union faces. Notwithstanding the fact that this past summer they have had a record grain harvest, they face massive starvation, the likes of which they have not confronted since World War II, with rationing in major cities such as Moscow and Leningrad, principally because they are unable to transport from the fields where the record harvests are occurring to the cities where the demand is occurring. That is a compliment to the efficiency of our system and its importance—something that we take for granted all to often.

In a period of time in which there is much controversy about budget priority and the allocation of spending, the Federal highway program is one of the few types of government spending that meets with nearly universal public support. The reason for this is clear: local, State, and Federal spending on transportation has a direct effect on the quality of life of every American. In spite of the success of the interstate construction program, our Nation's roads are in dire need of improvement.

I will not repeat the statistics that both you and the Governor pointed out, Mr. Chairman, but I would point out that we pay for deteriorated roads in a number of ways. Driving safety is greatly reduced on substandard highways. Slower response times for emergency vehicles have high cost both in terms of human lives and property damage. It is estimated that the cost of each minute of delay in responding to structural fires is estimated to average $1,000. Precious time and fuel are wasted, as well.

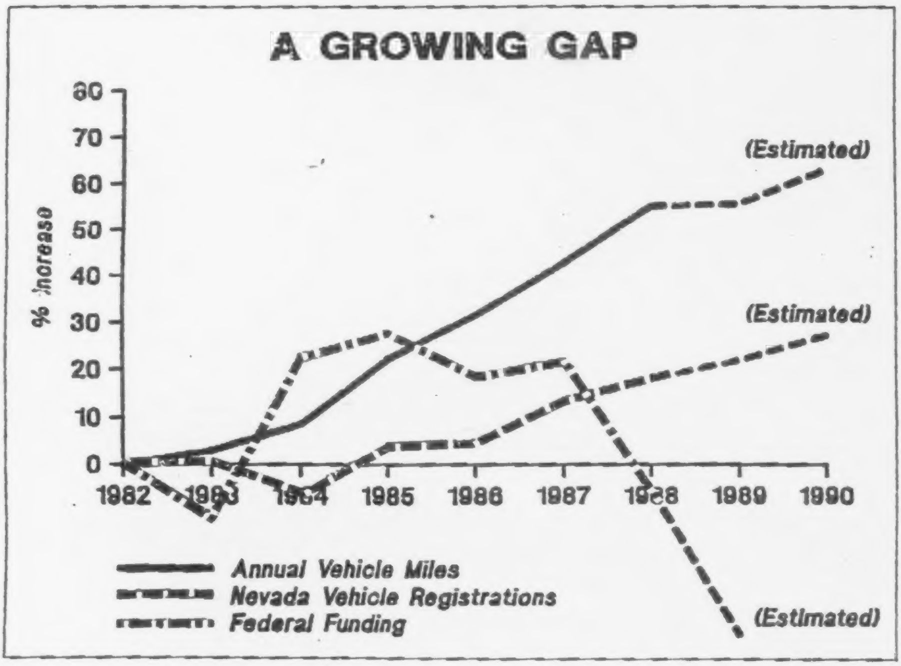
The United States wastes 1.25 billion hours and 1.38 billion gallons of gasoline a year due to congestion on limited access highways. To put this into context that we could understand in light of our commitment in the Persian Gulf as we speak this morning, this 1.38 billion gallons of fuel is equivalent to about 40 days of pre-invasion United States oil imports from Iraq and Kuwait.

Trucking costs also soar more than $0.06 per mile when the condition of the highway system is downgraded from good to fair. Studies show that bad roads increase the cost of driving in the United States by almost $20 billion a year, or an average $121.07 for each licensed driver in America.

And there is an environmental impact as well, Mr. Chairman, which I know you are well aware of with your position serving on the committee that you do. Here in the Truckee Meadows we see increased air pollution, a direct consequence of automotive traffic. Certainly the congestion which you and the governor have alluded to on U.S. 395 South—it would greatly alleviate that congestion and would improve the quality of air as well as improve the time span getting to and from Carson City. And there are other access routes in Northern Nevada that face similar consequences—the bypass in Carson City you have mentioned, as well.

The year 1991 has been pointed out to be a critical year in the history of the Federal highway system, and both you, Mr. Chairman, and Governor Miller have pointed out some of the impact of it. I'd like to take a moment, if I might, to show you a couple of charts which I think will illustrate. If one picture is worth 10,000 words, this illustrates the growing gap right here.

You will notice the blue line indicates the annual vehicle miles travelled. You can see that line is rapidly ascending. The green line would indicate the new Nevada vehicle registrations also increasing. You'll look at the Federal funding line—that's the red line—moving up in the early part of the 1980s, peaking at about the mid 1980s, and on a growing declining basis in this period here. These all indicate, I think, that Federal funding has played less of a role at a time of the demand on the highway system. The governor had some figures, as well as yourself, Mr. Chairman, indicating $1.7 billion has been identified, $4.6 billion funding gap that we're looking at in the next decade.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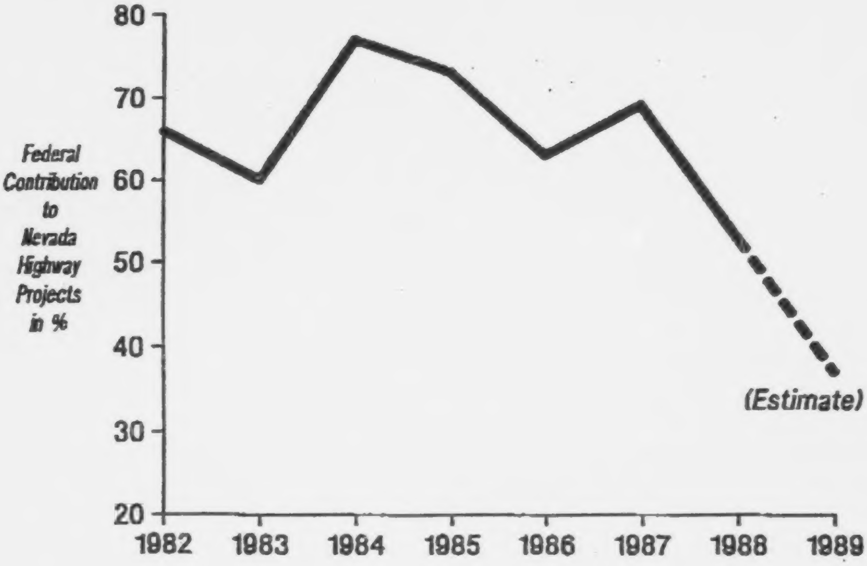
Senator **Reid**. A picture really is worth 1,000 words. That's tremendous.

Senator **Bryan**. It shows it. If I can show you another one I think you'll also appreciate what is happening in terms of the Federal commitment.

As you pointed out, Mr. Chairman, Nevadans have not been reluctant to step up to the plate. We pay the highest gas tax in the country. We have the highest per capita transportation cost. So when people at the Federal level come and say, "Look, the States need to do more and local communities need to do more," that argument is not persuasive here in Nevada.

May I invite your attention to the declining Federal commitment. In the early 1980s about 75 percent of Nevada highway projects were funded by Federal contributions of 75 percent. Today you can see, as it fades into the late 1980's, that continues to decline. That Federal commitment has been reduced substantially.

DECLINING FEDERAL COMMITMENT



Senator **Bryan**. So, notwithstanding the fact that Nevadans have, through legislative process and individual referendum, around their State increased rather dramatically the highway taxes that are imposed at the State and local levels, the Federal commitment or participation has declined. This is a national highway system that we are talking about, so it seems to me that there is a national purpose and a commitment that needs to be made and we need to remind some of our Senate colleagues who sometimes fail to understand the national scope of what we are undertaking.

If I could add just a couple of comments and just show one other chart I will be happy to yield because I know that you've got a number of witnesses. I would ask, Mr. Chairman, that my full statement be included as a part of the record.

Senator **Reid**. It will be.

Senator **Bryan**. I anticipate two great dangers in the upcoming debate over highway funding formulas. First, an effort will clearly be mounted to link each State's share of the Federal highway spending with the contribution to the Highway Trust Fund. Governor Miller made a comment about that. Let me give you a number. Nevada is a donee State; that is, we receive more than we give to the trust fund. And the fact that Nevada is a bridge State, part of a national highway network, argues against such a parochial interpretation of our national highway system.

I know that both of us were very much involved, as you pointed out, Mr. Chairman, in the effort during the closing days of the 1990 session where there was an attempt to, in effect, guarantee that each State would receive 90 percent of the highway taxes paid by motorists in that State and transmitted to the Federal Highway Trust Fund. That change, alone, as you pointed out, would have had a substantial impact on the funding that we have, and the 14 million additional dollars that you were instrumental in securing as a member of the Appropriations Committee in this current fiscal year in which Nevada will now receive $82 million would not have been possible if that had been worked into the formula.

Let me also point out another concern, if I may. There has been a suggestion at the Federal level that the reauthorization of the highway program ought to rework the Federal/State matching ratios. Currently the Federal share for most projects in the Federal aid system in Nevada is 95 percent. The State must pay the balance of the cost of the project. That Administration is expected to propose lowering the Federal share for these projects, forcing the States to pay a greater share. Now, the ostensible purpose of this change is to use Federal dollars to leverage more State and local dollars. May I suggest that the logic of this argument is faulty on a number of grounds.

I think it is clear to everyone here that States do not need Federal coercion to make the maximum transportation funding effort. Over the last decade, State funding of transportation improvements has risen far more rapidly than Federal spending, as is illustrated by the charts. The motivation for State and local spending on transportation is not the matching requirement for Federal funds; it is rather the crumbling roads, falling bridges, and inadequate highways that threaten the livelihood of citizens and force State and local governments to spend far more on transportation. Furthermore, any increase in the State and local share of Federal aid highway projects will place a severe strain on the ability of the States to care for roads that are not on the Federal aid system. Any increase in the matching funds required for maintenance of the Federal aid system would necessarily draw funds away from the nearly 90 percent of the 54,000 miles in Nevada that are not part of the Federal aid system.

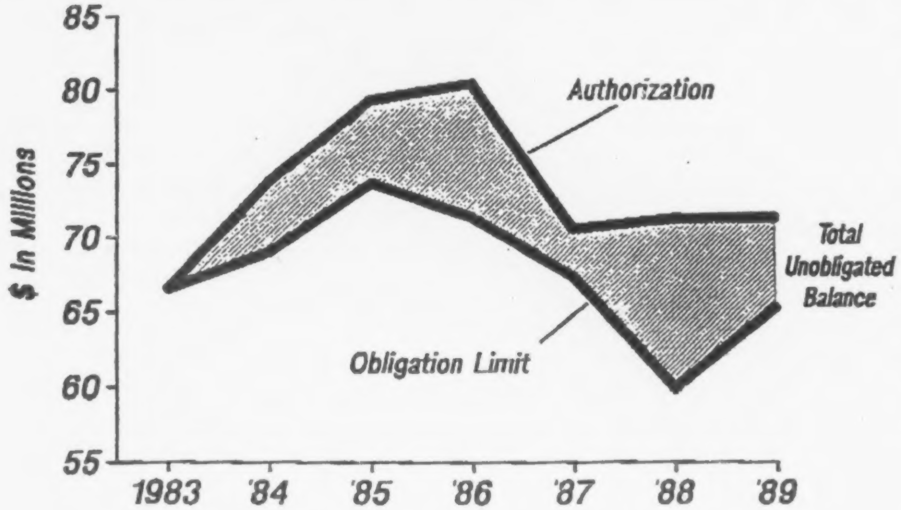
Finally, Mr. Chairman, something that you and I struggle with and we introduced a measure in the last session of the Federal budget—is to restore some integrity to the budget process in the Congress, and specifically with respect to the Federal Highway Trust Fund.

In my view, one of the great budget crimes perpetrated at Capital Hill each year is the handling of the Federal Highway Trust Fund. Prior to the December 1 increases, $0.09 on each gallon of gas went into the Federal Highway Trust Fund. That fund had developed a substantial surplus. As a consequence of that surplus and because of legislation that allows us to use or spend down that surplus, enormous amounts of money are impounded.

I believe we've got one other chart that may make the point, and I'll conclude my testimony.

The Federal Highway Trust Fund, both the transit and highway account, now has about a $16 billion surplus. So when the States are told, "Here is what you are authorized," sometimes it sounds pretty impressive. But through a device called "the obligation limit," that is the device which prevents highway departments such as our own in Nevada and other parts of the country, from spending the money that is collected from Nevada motorists and others around the country, paid at the gas pump, collected and kept in the Federal Trust Fund, but not used for that. That difference there, that gap, as you see, is the amount of money that allows the Highway Trust Fund to build up. The buildup camouflages the extent of the Federal deficit. And to allow that money, in effect, to be shown as an offset, making the debt at the national level look even smaller, is budget fraud because people have been told that they will get better highway systems as a result of the highway taxes they pay.

STATE OF NEVADA HIGHWAY AUTHORIZATIONS AND OBLIGATION LIMITATIONS



Senator **Bryan**. Unfortunately, notwithstanding the opposition, Mr. Chairman, of both of us in the last session of the Congress, I hesitate and hate to report that we create an additional problem. The $0.05 new gas tax was added on December 1. Of that, $0.025 will no longer go into the Highway Trust Fund but will be used for deficit reduction. Of the $0.025 that does go into the Highway Trust Fund, by reason of the obligation limit not all of that money will be spent down for the purposes that we need here and around the Nation. But that's a struggle I know that we will renew in the next session of the Congress.

I appreciate, Mr. Chairman, your time and your thoughtfulness for calling this gathering today so that we can discuss our strategy as we approach the 1991 session.

Senator **Reid**. Senator Bryan, let me ask you a couple of questions.

Senator **Bryan**. Sure.

Senator **Reid**. One of the things that I think has not been made clear is that because the various committees have jurisdictional areas of concern—you serve on two committees that have important jurisdiction over various aspects of transportation. Would you explain to the committee and to the audience what your Banking Committee assignment does as it relates to transportation?

Senator **Bryan**. It does something that we have not heard as much about historically in Nevada, which is mass transit funding. As you know, it is that committee which will reauthorize the mass transit funding for the 1991 Congress.

There have been impressive additions here in the Truckee Meadows with the Regional Transportation Commission and what it has done in terms of providing what I consider, for a medium-sized community, as the Truckee Meadows is, much improved transportation by way of an expanded bus route system. In fact, southern Nevadans envy what northern Nevada has achieved in terms of the Truckee Meadows. Funding for that system, as well as other improvements for mass transit, will be handled through that committee. Obviously Nevada wants to be in tune more so than in the past to the availability and the prospects because it reduces the amount of automobile traffic we have, reduces fuel consumption at a time when we are energy sensitive, and, as both of us know, the environmental consequences in this valley and in southern Nevada are primarily impacted by automotive emissions.

The Commerce Committee also, as you know, has processed a bill, Mr. Chairman, which you have introduced in the last session as it deals with Mag Lev changes in the law as far as the right-of-way. I would certainly echo the comments of Bruce Aguilera that the bill that you introduced with respect to the use of the highway right-of-way for purposes of Mag Lev makes a lot of sense for the country.

They are doing impressive things in terms of infrastructure development in Europe. Frankly, we in this country are at risk in falling behind in terms of our own system.

Senator **Reid**. It points out why your assignment to the Commerce Committee is so important to Nevada. We once had a Senator that was chairman of that committee. It is my understanding that the Commerce Committee has jurisdiction over airports and over railroads. Is that true?

Senator **Bryan**. That's true. Surface transportation, rail, trucking, as well as aviation, as you are well aware. There was a major change in the Aviation Act that provides for additional funding for airport improvements. The Aviation Trust Fund is also subject, as we both know, to the chicanery of—the money that is collected in that fund is supposed to be used for aviation improvements. About $7.6 billion is not used for that—something that you and I have talked about a number of times with our airport officials here in northern Nevada as well as southern Nevada. But the legislation that was just processed by that committee and approved by the Congress will make it possible in the near term for some substantial aviation improvements. Here in this community the construction of the parallel runway is absolutely essential in terms of——

Senator **Reid**. We're going to hear some testimony about that, I'm sure, before the day is out.

Senator **Bryan**. So that is going to be very important.

Senator **Reid**. Senator Bryan, let me just say, in case I don't get an opportunity to see you again, that I think I speak for all Nevadans: we wish you well in your trip to the Middle East. As we noted from the people who are coming home, having been hostages and hideouts in Kuwait and actually captives in Iraq, things aren't good over there. So I appreciate your representing us over there and wish you well.

Senator **Bryan**. Thank you very much, Mr. Chairman. Thank you, again.

Senator **Reid**. We are going to call forward at this time the Honorable Pete Sferrazza, the Honorable Orin Alexander, the Honorable Marv Teixeira, Mr. Jerry Hall, and Mr. Steve Teshara. Would you all come forward please?

The first witness will be the mayor of Reno, Pete Sferrazza. We have adequate chairs for everyone. We are a little short of microphones, but we can move those around and it will work just fine.

Mayor Sferrazza.

STATEMENT OF HON. PETER J. SFERRAZZA, MAYOR, CITY OF RENO

Mayor **Sferrazza**. Thank you, Senator Reid. Thank you for conducting these hearings in the State of Nevada and the City of Reno. We very much appreciate your being here this morning.

My name is Peter Sferrazza. I am the mayor of the City of Reno. I appreciate the opportunity to present our views on the status of the Highway Trust Fund financing and policy issues.

Although the City of Reno does not receive funding from the Federal Highway Trust Fund, we receive some benefits from Nevada Department of Transportation which is provided locally as well as State-wide. Their administration of these few dollars spent well is evidenced in a well-designed but vastly under-funded program.

We understand that through the reauthorization considerations presently being considered there is a misdirected recommendation to drastically modify the allocation process to the States. This would lump the urban and rural areas into the turn-back program. This would significantly reduce our State allocations as we are less populated than most smaller States. With the highest gas taxes in the Nation, it is difficult to explain why we cannot garner sufficient funding to maintain the existing roadway system, let alone let it expand to meet growing demands.

Without the inflow of Federal aid, urban, and Federal secondary funds dispersed within the local infrastructure, we are going to be more severely impacted. Not only is the interstate system deteriorating from lack of maintenance funding; the local governments are receiving fewer tax dollars, which are projecting the City of Reno to have a street maintenance revenue shortfall of $135 million by 1999.

Our city engineers recently calculated the cost of just maintaining the City of Reno road system at $8 million per year. We have recently gone to the State Legislature to ask them to authorize us to adopt impact fees to help maintain that road system. Recently we had another attempt to further increase the gas tax in Marshall County which was not successful. So we believe that there is a very definite need on a local level to continue to maintain the level of support that we have received in the past through the Federal Highway Trust Fund.

We also support the recommendations to release the $12 million in the Highway Trust Fund to their intended use to build and maintain the Federal highway system. We ask the question: is it prudent or correct to use a specifically earmarked revenue fund in an attempt to lower the overall Federal deficit? Of the recently-imposed $0.05 gas tax, why is the mandated $0.025 not being applied to the trust fund?

Nevada is an important bridge State in the national highway system. Any reductions to the funding process would impact us in ways that we aren't even able to contemplate at the present time. We support the Nevada position paper regarding reauthorization of the Federal aid highway program and the comments that will be presented today by the Nevada Department of Transportation. These comments are presented to you today with the fervent hope that you consider them in your deliberations.

On behalf of the city of Reno, once again I would like to thank you, Senator Reid, for having this very important hearing in our city.

Senator **Reid**. Mayor, if you don't mind waiting we have some questions when we finish with the remainder of the panel.

Mayor **Sferrazza**. Sure.

Senator **Reid**. The next person that we'd like to hear from is the Mayor of Sparks, Orin Alexander.

STATEMENT OF HON. ORIN ALEXANDER, MAYOR, CITY OF SPARKS, ACCOMPANIED BY DAVE ROUNDTREE, DIRECTOR, PUBLIC WORKS

Mayor **Alexander**. Senator Reid, it is certainly a pleasure to be here today and we certainly welcome you to our city. We think it is great that you would take time out of your busy schedule to be here and to hold these hearings.

I have with me today the Public Works Director of the City of Sparks, and I'd like to call on Mr. Dave Roundtree to make some remarks to you concerning our concerns here in the valley.

With your permission, may I present Dave Roundtree?

Mr. **Roundtree**. Thank you, Senator.

In light of your comments and those of the governor and Senator Bryan, I feel like this is akin to preaching to the choir, as most of our comments are certainly in support of those that you already provided to us.

I feel like we collectively are poor stewards of the public trust if we idly stand by and watch our surface transportation system deteriorate while we all acknowledge that we have those funds available to us to maintain them at a greater level than we presently are.

I would certainly encourage your efforts and those of Senator Bryan in releasing the highway trust funds for their intended purpose.

Along with those requirements for maintaining the Federal and State systems, we must also acknowledge that the local systems have significant responsibilities, as well.

There have been studies to indicate that the local systems have maintenance obligations nearly as large as those that the State has indicated, and I would suggest a possibility of providing the greatest amount of flexibility to the State in the use of those funds that come from the Federal Government so that they may also be used on the local surface systems, as well.

Thank you, again, for the opportunity to speak. And I thank the mayor for having me speak, as well.

Senator **Reid**. Thank you.

Mayor Teixeira.

STATEMENT OF HON. MARV TEIXEIRA, MAYOR, CITY OF CARSON CITY

Mayor **Teixeira**. Good morning, Senator Reid. Thank you for the opportunity to speak before you.

I am Marv Teixeira, Mayor of Carson City, Nevada's capital.

I fully concur with all of the testimony we have heard, but Senator, if you will indulge me I would like to just focus on the problem that exists in your capital city.

As you know, we are a consolidated city/county of approximately 41,000 residents bordered by Douglas County to the south and Lion County to the east. These two counties, along with Carson City, are experiencing considerable growth.

Carson City is the only community in the State of Nevada that has a growth management ordinance that is presently fixed at 3 percent. Our voters recently passed two bond issues in excess of $30 million for fire and schools. We have started a recycling program. We will be mandating low water fixtures for new residential, commercial, and industrial users. We have initiated a ground water recharge program. We use our treated wastewater to irrigate our two 18-hole golf courses and a State-owned prison farm, and we are looking into further use of this treated water for our parks, cemetery, and recreational areas. We have contracted for a study of our landfill, and we are closely monitoring our air quality.

I bring these points up to you, Senator, to illustrate that Carson City cares about its quality of life and is addressing its environmental and social needs.

However, the number one problem facing our community is traffic. U.S. 395 is the north-south route that passes through the heart of Carson City and connects to U.S. Highway 50 East. It carries commuters, tourists, trucks, buses, and local residents of the tri-county area. It is the only direct route from Reno to Douglas and Lion Counties, Lake Tahoe, and Southern California.

For more than 15 years a 6.5 mile freeway bypass of U.S. 395 has been planned. The route has been firmly established, and approximately 60 percent of the right-of-way has been acquired. The cost of the bypass is estimated to be in excess of $130 million. Using projected funding allocations, the best estimate we have is another 15 to 20 years. That will not work.

Today we have either under construction or proposed approximately $160 million in capital projects. The number one question—and these are State/city/private sector projects. The number one question asked of me is when? Or will there ever be a bypass?

In a recent opinion poll our residents identified traffic and the need for the bypass as the number one issue facing our community.

My comments before you are much the same as my comments before our State Transportation Board. My interests are more than parochial. The bypass also benefits the adjacent counties in the areas of commuter and commerce traffic.

Carson City competes for Federal construction dollars in Nevada the same way Nevada competes nationally for those very same dollars. Nevada is the fastest-growing State in the Union, and I understand the problems of our large counties— Clark and Marshall. Of course, my request is that additional dollars be released so that our need can be addressed in an earlier time frame to alleviate a problem, Senator, that will absolutely worsen with time and will have a significant detrimental affect on Nevada's capital city.

Now, Carson City last week voted to downgrade our request to an alternative surface grade limited access expressway using the freed bypass route and utilizing the State's construction format. This will significantly lower the cost, but we will still need Federal highway construction dollars. The Federal aid program should be enhanced to provide more funding under its present distribution formula, and those highway trust funds absolutely should be drawn down.

I want to go on record with you, Senator, on behalf of Carson City to personally thank you, especially for your recent efforts in obtaining right-of-way funds for the bypass, and also to Senator Bryan.

Thank you.

Senator Reid. Jerry Hall, Executive Director of the Regional Transportation Commission of Washoe County.

STATEMENT OF JERRY HALL, EXECUTIVE DIRECTOR, REGIONAL TRANSPORTATION COMMISSION OF WASHOE COUNTY, RENO, NV

Mr. Hall. Good morning, Senator Reid. My name is Jerry Hall. I am the Director of the Washoe County Regional Transportation Commission.

I'd like to thank you for the opportunity to appear before you today to present our views on the major transportation issues facing Washoe County, particularly as they relate to the upcoming reauthorization of the Surface Transportation Act.

The RTC serves as the metropolitan planning organization for Washoe County and as such is responsible for area-wide transportation planning. We also administer highly- successful fixed route and demand response public transit systems in the Reno/Sparks Area, and we conduct a regional street and highway construction program.

These programs are funded primarily by local option sales and gasoline taxes; however, Federal programs do provide supplementary funding that is absolutely necessary in meeting both highway and transit needs in our county.

I'd like to begin by saying that the RTC fully endorses the position adopted by the Nevada Department of Transportation with regard to the continuation of the current Federal highway program and the draw down of the Federal Highway Trust Fund. You'll receive more detailed testimony on these issues which are of critical importance to Nevada and to Washoe County.

Continuation of the Federal aid urban program at appropriate funding levels is especially important to Nevada's urban areas which are growing rapidly and contain over 75 percent of the State's population. Vehicle miles travelled is growing at a 6 percent annual rate in the Reno/Sparks area, bringing with it increased congestion and serious air quality problems. Continued Federal funding for urban arterial roadways is vital if these problems are to be addressed successfully. Local and State tax revenues can only go so far. Transportation is a national priority, and Federal support must be continued.

We also urge you to consider strengthening the role of the metropolitan planning organizations in prioritizing and administering Federal highway projects in urban areas. The RTC has established state-of-the art traffic forecasting tools and coordination mechanisms to ensure that the highway funds we administer are allocated in the most cost-effective manner possible. We have demonstrated over the years that we are responsible to the local entities in our region and to the general public.

In the transit area we believe there is both a national and a public interest in expanding the role of public transportation in our urban areas. Washoe County voters recognized this in 1982 when they voted to institute a one- quarter percent sales tax to fund improved public transportation services. As a result, the Reno/Sparks area now has an award-winning, accessible bus system, Citifare, which has a fleet of 61 coaches and carries over seven million passengers annually.

Federal transit funding has been essential to growth of Citilift, contributing to the acquisition of new buses and the construction of maintenance, administration, and transfer facilities, in addition to supplementing our operating funds.

RTC also administers the Citilift para-transit system, which helps to meet the transportation needs of persons whose disabilities prevent their use of regular bus service.

Citilift illustrates RTC's firm commitment to providing accessible service to the disabled community and has placed us in a strong position to comply with the recently-enacted Americans with Disabilities Act. Citilift has a fleet of 33 vans and carries about 180,000 passengers each year. We are currently seeking discretionary Federal funding for a permanent facility to house Citilift.

We are encouraged by the funding increase Congress provided in the Federal transit program in fiscal year 1991, especially in light of severe Federal budget constraints. I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. During the last ten years the Federal transit program has been cut by 50 percent in real terms, and our region's formula portion now represents less than 10 percent of our transit revenues.

Fare increases, as well as increased local tax support, have been stretched to the limit. We have recently enacted a 25 percent fare increase on Citifare and were able to do it without loss of ridership. However, fares still represent only 36 percent of our operating revenue.

We have also been diligent in controlling the cost of operating the system and have one of the lowest cost per vehicle hours in the country amongst similar-sized properties.

Nevertheless, we cannot address all of our region's transit needs without an adequate Federal program. The transit industry's proposal for an $11 billion Federal transit program supported by a $0.07 increase in the Federal gasoline tax dedicated to transit is an excellent means of meeting current and future needs. The program includes a $6.5 billion transit categorical and reinvestment program and a $4.5 billion program aimed at expanding transit capacity.

The proposal includes a flexible use program under which local communities could decide between highway and transit projects that expand the capacity to move people. In reauthorizing the transit program we support the retention of the basic formula and discretionary programs. Further, we would request that, to the extent possible, the following principals be incorporated:

The Federal investment in public transportation should be substantially increased.

A strong or multi-modal approach in planning, funding, and decision-making should be established and increased funding should be made available for transportation planning activities at the regional level.

Reliability and predictability of Federal transit funding should be improved through greater reliance on dedicated funding.

There should be increased reliance on predictable formula funding using factors that better reflect transit needs which reward local commitments to transit and which recognize the performance of the transit system.

The Federal transit program and tax code should be revised to encourage private investment in transit and to eliminate the taxation of employer-subsidized transit passes and other Federal laws which act as disincentives to transit use.

Federal operating assistance for all sizes of transit systems, and particularly small and medium sized systems, is an essential element to the Federal program and must continue in order to ensure adequate maintenance and effective operation of the capital investment.

Formula programs should provide increased local flexibility to allocate funding between planning, operating, and capital needs.

Federal policies and mandates result in additional cost to transit operators and MPOs and, as such, Federal funding should be provided to meet these requirements.

There should be a comprehensive review of Federal statutory and regulatory requirements that considers the benefits of such requirements versus the burden they impose on transit operators and MPOs.

We appreciate the efforts that you and your subcommittee have made to support the Federal highway and transit programs over the past decade and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of surface transportation for many years to come, and it takes place during a period in which the public has a new awareness of our critical transportation needs.

Again I thank you for the opportunity to speak to you today, and I hope that these comments are helpful to you in your deliberations.

I am prepared to respond to any question you may have at the appropriate time. My staff will be available to provide any additional information you may need regarding local transportation programs and issues.

Senator **Reid**. Thank you very much.

Mr. Teshara is the Executive Director of the Tahoe Transportation Coalition.

Please proceed.

STATEMENT OF STEVE TESHARA, EXECUTIVE DIRECTOR, TAHOE TRANSPORTATION COALITION, TAHOE CITY, CA

Mr. **Teshara**. Thank you very much, Senator.

I am appearing before you today as a member of the Tahoe Transportation Coalition. It is a coalition of Tahoe's major business property and environmental groups. We have had a lot of disagreements amongst our members in the past and have often been on opposite sides in litigation and philosophy, but we very much agree with your initial comment that for victory we need to speak with one voice, and that is why the coalition was formed about a year ago, and that is why we are before you today in this historical alliance recommending with one voice a number of suggestions and providing input to you.

We are pleased to see you here in northern Nevada. Obviously, although the major metropolitan areas get a lot of attention with respect to congestion and gridlock, we have problems here in the northern part of the State. We are still essentially rural, but, nevertheless, transportation is important and we would like to be very much proactive rather than reactive and deal with our issues before they overcome us.

Again, in northern Nevada and Lake Tahoe region, as part of that, we are rural but we have a significant number of transportation and traffic problems caused by the desire of our neighbors in nearby metropolitan areas who want to access our natural and resort attractions.

We are a tourism-based economy at Tahoe and we want to provide for access, but the magnitude of the problem and the required solutions, as I think you understand, go well beyond our local capabilities to finance and implement.

Certainly national highways remain a major element of our transportation system and needs, and we believe that the Federal Government should continue to fund the intrastate and interstate highway networks, particularly providing funding for the maintenance and rehabilitation of existing highways, obviously critical in Nevada where highways are the basic lifeline across thousands of square miles of both rural and open space.

However, as I think everyone in the room would agree, our needs call for solutions other than simply additional asphalt highways. Concern for our environment, including air quality, the need to conserve energy and other finite resources requires that we go into additional new and diverse technologies and increase our level of cooperation at the Federal, State, regional, and local levels, and an ability to get the maximum use from the transportation dollars that we have to commit. These new and diverse technologies would include fixed guideway, high speed rail, monorail, magnetic levitation—which we saw a presentation about earlier—tramways, and also the ability to connect all of these multi-modal systems together into a transportation system that makes sense.

As an example, the State of California, which we also deal with at Lake Tahoe, in cooperation with a lot of local governments throughout the State, is undertaking a study of the rail corridors right now from the San Francisco Bay area on up through the Sacramento Valley and into the foothill communities in western Colusa County, California. We know that the demands, for instance, on Interstate 80 already far exceed the capacity of the current four-lane highway, and yet we know that due to cost constraints and environmental concerns it is really not feasible to consider expanding interstate 80 beyond the four lanes.

We believe, therefore, an increased use of rail and rail corridors along I–80 up to Truckee and into Reno is a viable alternative to the expansion of Interstate 80. Likewise, rail corridor along U.S. 50 from Sacramento into south Lake Tahoe and perhaps into Nevada, as well, also merits very serious study and consideration.

Our Tahoe Transportation Coalition will be working in the upcoming session of the California State Legislature to earmark funds for the immediate study of these additional rail corridors along both U.S. 50 and I–80. Locally, we are willing to generate some of our private sector dollars for a share of the funding in this critical analysis.

We believe that the Federal Government can also make an important contribution to these transportation solutions by providing some Federal dollars to go with our State and local dollars in this study effort.

I would also point out that as recently as June voters in California appropriated $7 million for the study of light rail on Tahoe's south shore in the City of South Lake Tahoe. We would very much like to have Federal participation and assistance in looking at ways that we can take that from the California side into the Nevada side of South Lake Tahoe.

Of course, we recognize that some of these rail corridor issues provide some longer-term solutions. We have problems now that we must deal with, and in the shorter term we believe there are a variety of solutions that can be brought to bear on the Tahoe region's transportation problems, and these would include a coordinated system of buses and shuttles, on demand services, as well as water-borne transit.

As I believe you are aware, Senator, and perhaps others are not, the Federal Government is, indeed, the major landowner at Lake Tahoe, owning over 80 percent of the land in the basin. Of course, the Federal Government is also a signatory on the bi-State Tahoe Regional Planning Agency Compact with the States of California and Nevada.

The Forest Service at Lake Tahoe leases land for ski areas, operates campgrounds, parks, beaches, related recreational facilities, and all of these are attractors generating a significant percentage of our vehicle trips and traffic. So we believe the Federal Government does, indeed, have a responsibility to help contribute to our transportation solutions at Lake Tahoe and to assist us in meeting the mandate of the TRPA to reduce our vehicle miles travelled within the basin.

Federal contributions can include a share of funding, as well as coordinated transportation system planning, planning staff assigned to the Forest Service for transportation purposes, and, again, an expanded commitment to coordinate with the other agencies and the private sector at Lake Tahoe.

We believe very strongly in public/private sector cooperation. In fact, in the north Tahoe/Truckee area we recently established a public/private partnership called the Truckee North Tahoe Transportation Management Association. The members of the coalition recognize and fully support public/private sector cooperative efforts as the key to our success, and we ask that you help us provide the resources through the Forest Service and other Federal agencies to make the Federal Government a key player in these cooperative efforts at Lake Tahoe.

We believe that your committee can also help us address a specific interest that we have with respect to water-borne transit at the lake. It is our understanding that a piece of legislation enacted in 1932 called the Jones Act prohibits the use of foreign-made vessels for commercial purposes on inland waterways in the United States. Right now, without getting into a lot of details, this legislation, which was enacted during the depression, is significantly and negatively impacting our ability to reach out and embrace some of the more technologically advanced water-borne transit that is made in the world. We will be happy to work with your staff in looking into that problem and seeing if there aren't some solutions.

Again, Senator, we thank you very much for calling this hearing today and for being provided the opportunity to join with you and many others in this room who want to bring transportation solutions together. Again, we agree that partnerships in both the public and private sector are the key to achieving victory.

Thank you.

Senator REID. Mayor Sferrazza, would you identify some traffic problems that are in the City of Reno?

Mayor SFERRAZZA. I would like to indicate first that our director of public works, Miller Reed, is present. I would prefer to have him——

Senator REID. Half of his name is good. [Laughter.]

Mayor SFERRAZZA. I would prefer to have him address you with respect to the specific needs since I think he is probably better prepared on that issue.

Senator REID. Thank you.

Mr. REED. Thank you, Senator Reid.

I believe in the mayor's statement that he presented to you our major or largest concern within the City of Reno, and that is the higher efficiency of motor vehicles that are on the streets today which, in a roundabout way, contribute less through the gas tax funding process for our street maintenance system.

As the mayor pointed out, we are anticipating and have developed a program where we can now anticipate what our maintenance needs are, and by the year 1999 we will have a deficit in our forecast maintenance needs of about $135 million.

Our first few years of maintenance needs that we need to get back on track amounts to about $8 million a year. After the third or fourth year, that will decrease down to about a $4 million per year basis.

What we are looking at now is that we have been running down the top end of our street maintenance funding, and that is through gas tax earmarked funds that come to the City of Reno specifically for street maintenance programs.

We will be running out of that fund for major street maintenance contracts of overlays, major reconstructions, and this type of work. We anticipate that will be running out in about a three-year period without a new tax revenue to us. This is more of a local need for us to maintain our system that we are going to be in a world of hurt. That's the best way to put it.

Our program——

Senator REID. But answer my question.

Mr. REID. Okay.

Senator REID. I want to know where you have traffic problems in Reno.

Mr. REED. Excuse me. Virginia Street is one of our areas. That is one of the areas——

Senator REID. That's all up and down Virginia; is that right?

Mr. REED. Well, in specific areas, mostly on the southern portion from the area where Kietzke Lane comes in to the area north up to Plumb Lane. That is one of the major areas that is specifically earmarked for our street impact fee.

Senator **Reid**. One of the things that was addressed in the Clean Air bill was cars and delivery vehicles parked and motors running, do we have problems like that in Reno?

Mr. **Reed**. We have some. We do have a city ordinance that requires the bus operators to stop their idling once they have made a delivery. They can no longer stand at the curb with their buses running for—the period of time escapes me. Maybe five minutes.

Senator **Reid**. When I served in the legislature in 1969 and in 1971 I could drive from Carson City to the airport in 20 minutes. And, I'm sure I wasn't violating any speed limits. [Laughter.]

But the fact of the matter is that it wouldn't matter how serious you were about getting from Carson City to the airport now; you couldn't come close to that because the traffic has certainly gotten worse. I think we have to recognize that things aren't as they used to be.

Mayor Teixeira, explain the difference between the $130 million loop and the $30 million project.

Mayor **Teixeira**. You've done your homework, Senator. You picked up on the $30 million. That was given to us by a recent—we had a master plan completed. The consultants at that point in time pointed out that if we went to a surface grade route with limited access—we'd have approximately seven stops, Senator.

Senator **Reid**. Would it be the same route?

Mayor **Teixeira**. We would use the identical same route. This is going to bring up some other considerations. We're working with N-DOT and Garth Dull and his department have been absolutely 100 percent cooperative. We'll use the same route and we'll go through stage construction. The right-of-way would be acquired as if you were going to put up full-blown depressed extended with off ramps and so forth, but we would use signalization at seven stops. That would allow the commuter traffic going to Douglas County and going into the Dayton corridor, the trucks that are delivering goods and services, the hazardous material—we don't have a clue on what is going down the middle of our community.

So all that traffic would get off of 395 that goes directly through the city. That would alleviate the problem. We anticipate somewhere around 15 to 20 years, Senator. And then we come back at that point in time when we are at a full buildup—a full buildup is 70,000—so we've only got about 40 percent to grow out. But it is your Dayton corridor and Douglas County that are going to be the large metropolitan areas in our area.

Senator **Reid**. What is the time factor you feel it would take to do that?

Mayor **Teixeira**. N-DOT says—and, once again, you got some cue funds for us in the amount of $4 million. We can make a couple of hits like that, we can get lucky, and the right-of-way acquisition could take place in a four-year time frame. Then it becomes a local political issue. I think Carson City would then stand a better chance in getting the share of the Federal highway construction dollars to do something, and maybe we could come up with something.

I was hoping that Mayor Sferrazza would have passed his $0.05. I say that very seriously. If Washoe County would have passed the $0.05, then I would have no problem at least putting it on the table to say, "Hey, why don't we do the same thing. Let us help ourselves." He knows as well as I do that we have a large amount of commuter traffic that is moving between Reno and Carson City.

Senator REID. Mayor, that's the point that I wanted to make. Your traffic problems are Reno's traffic problems.

Mayor TEIXEIRA. Exactly.

Senator REID. And it is not only the people that commute to work but, as I indicated, recreation.

Mayor TEIXEIRA. Everything.

Senator REID. There are many beautiful recreation areas that you can only get to by going through Carson City, or at least the most direct route.

Mayor TEIXEIRA. That's the only way.

Senator REID. It is just a real stumbling block, for lack of a better word to get through that heavily-congested downtown area.

Mayor, would you describe the current traffic conditions in Carson City and what effect they have on the quality of life and the economy in your city.

Mayor TEIXEIRA. I think we got a window into the future this summer, Senator, when we resurfaced Carson Street. What we had an opportunity to look at is what is going to be there in about 15 years if we do nothing. It was not a pretty situation.

Senator REID. What do you mean by "not a pretty situation"?

Mayor TEIXEIRA. We had traffic backed up about a mile or mile and a half just to get to the first light coming into Carson City at the intersection of Winnie Lane and 395. That backed up a mile and a half at times.

Senator REID. That went up over the hill then?

Mayor TEIXEIRA. No. It got past Stanley's Restaurant and so forth, just at the base of the hill. We had it backed up that far. And then, of course, the residents are taking a look at this mess. Where they are now taking their routes are through residential areas. So now we are having streams of cars going through residential areas and, of course, you get phone calls on that.

So what happened is that everything got plugged up. People could not get from one point of the city to the other—let's say from the area of North Gate to the area in the south as far south as Fairview—in less than 20 minutes. That's less than a mile.

Senator REID. And the one thing that we have—I talked a little bit about this in my opening statement. We just touched it tangentially today—is the fact that when these cars are stopped, whether it is in Carson Valley or in Washoe Valley, idling and waiting for a light to change, that's when they are the most polluting. Today it is a much better day here than it was yesterday, but you can see that brown haze, and a lot of it is created by automobiles going nowhere.

Mayor Teixeira. And to add to that, Senator, if you move traffic at 10 miles an hour versus 35—I believe that's the number that was given us by our RTC people—your pollutants are three times as great just moving them at that slow pace.

Senator REID. If I could direct a question to the City of Sparks now, one of the things that I am real pleased that I was able to help with is the Sparks interchange. As you know, there were efforts for years to get that done and we were able to get it done.

Tell me how that has helped and how other things like that in the future will help problems in Sparks.

Mayor **ALEXANDER**. Senator, if I could, the Sparks Boulevard Interchange has dramatically reduced the traffic on McCarran Boulevard and has provided another entrance into our northeast residential area. It has been a tremendous help to us, but we can already see that is not going to be enough for us. We need additional routes north-south, across the freeway, and the railroad corridor.

Senator **REID**. What would it be like now if that were not put into place, if you didn't have the Sparks Interchange?

Mayor **ALEXANDER**. We would suffer gridlock on McCarran Boulevard, as well as Rock Boulevard.

Senator **REID**. I'm not going to embarrass anybody today, but there were people in this room who opposed that.

Mayor **ALEXANDER**. I understand that. [Laughter.]

Notwithstanding that, Senator, the Sparks Boulevard Interchange, as you know, was what we felt was the critical and initial element of the Tahoe pyramid link. That roadway is to connect the Mount Rose Highway to the Pyramid Highway north of town, and we still feel that it is essential to get that roadway built so that we can take full advantage of the Sparks Boulevard Interchange.

Certainly we have seen an increase in the traffic on Sparks Boulevard and some reflection of a decrease on McCarran, but certainly we are not taking full advantage of that interchange and the efforts that were put into it unless we can get the Tahoe pyramid link completed.

Senator **REID**. Do you have an estimate as to what that would cost?

Mayor **ALEXANDER**. I'm afraid I don't, although I can tell you that it is significant—in the order of $30 to $40 million, I believe.

Completion of the Tahoe pyramid link will also relieve some of the traffic on Virginia Street as well as the 395 or I–580 elements. It adds another significant north-south route in the Truckee Meadows area, and this one would be over on the extreme east side of the valley which would, I believe, reduce those connecting trips from the east side of the valley into the center.

Senator **REID**. Mr. Hall, what elements of private investment in public transportation were you referring to in your remarks?

Mr. **HALL**. It would encourage private investment in transit, and it could come in a couple of the forms that we have seen used in the past such as the leaseback process, in which the private companies would acquire transit ruling stock, lease that equipment back to the public entity, and, in the process, take depreciation credit. The tax changes we have been seeing in the country in recent years—particularly this year—may, in fact, begin to constrain that process. But that was one method that was used to some great extent.

As part of the Reagan and Bush Administrations there has been an ongoing effort to encourage privatization. In our particular instance here in Reno in the public transit area we have utilized privatization. We maintain our regional transportation commission staff at a very low level. We have approximately 40 employees. The components that are involved in Citifare and CitiLift—we probably have another 240 to 250 employees involved there in those two operations that are private sector. We contract for the day-to-day operation of Citifare and CitiLift with private transit management firms. That's a different approach. It is an approach that has been very successful for us and kept our costs low. So I do think that there are some opportunities for privatization, as I said, and would suggest to you it can come in two or three different areas.

Senator REID. At the hearing we held earlier in Nevada there was some testimony about toll roads. Has that ever been considered at all in this region?

Mr. HALL. I think, to answer your question directly, only indirectly has it been considered. At one time there was some discussion, and I don't think that it ever took on official status, but there was discussion about the possibility of a toll road between Reno and Carson City as a means of finalizing the construction activity of the freeway.

I think, just as a closing comment on that question, that the only reason that would hold promise is because it is a corridor in which you could restrict movement on other roadways in that corridor.

Senator REID. Steve Teshara, in your testimony you talked about Lake Tahoe having 80 percent Federal ownership.

Mr. TESHARA. That's correct, Senator.

Senator REID. That's 7 percent less than the rest of the State of Nevada. [Laughter.]

Mr. TESHARA. That's also correct. [Laughter.]

Senator REID. Steve, tell me what specific steps you recommend the Federal Government take to aid transportation planning at Tahoe.

Mr. TESHARA. I think the basic way is to provide the resources to the Forest Service at Lake Tahoe. They have indicated in the past year, as we have all at Tahoe become more interested and active on transportation issues, that they are willing to be a player, to have planners. Of course, they have planners doing lots of other things at Lake Tahoe, but to participate specifically in the planning process with dedicated transit planners. They have one on staff right now. She's sort of part time on transportation and does some other things. The need to have the dollars and the manpower and womanpower to be a player with us. When we go to meetings through the coalition and working with the TRPA, the Forest Service is noticeably absent on transportation issues.

So I think that although they are experiencing some cutbacks in some other areas, if we could have your assistance and the assistance of others in Washington to give the Forest Service the resources to be a meaningful player in our transportation solutions—I think the local folks there at the Forest Service do want to, but they have been constrained in terms of resources to date.

Senator REID. That was very constructive because we do have, in another committee—the Interior Appropriations Subcommittee upon which I serve—jurisdiction over the Forest Service, so that's something we could look at very closely.

Mr. TESHARA. That would be helpful.

Senator REID. Is there a unified transportation planning agency for the Tahoe area?

Mr. TESHARA. The Tahoe Regional Planning Agency is the main transportation planning agency for Lake Tahoe. They are currently in the process of updating their RTP—regional transportation plan. The coalition, our group of private sector organizations, is working with the TRPA. In fact, we have a meeting next Tuesday night with members of the governing board and staff to discuss some of our concerns about the adequacy of the draft RTP update. Again, I think what we are all coming to terms to at Lake Tahoe is the need to work together and to set aside indifference and to focus on our agreements and to move forward in a public and private sector cooperative effort with the TRPA.

Senator Reid. What is the status of the trees around the lake being damaged from combustion fuel driven vehicles?

Mr. Teshara. Well, I don't think it is any secret that between salt on the roads and the air pollution problems that we have our trees have been substantially harmed. Of course, it has been made worse, as you know, with the continuing drought situation that we have here in the west. That's of great concern.

Obviously the tree cover and the forest at Lake Tahoe are part of our charm and part of our magnificent resource that we have there. I do think that air pollution from congestion, along with the salt situation, combining that with the drought, has had a very dramatic impact. If you were to go to Lake Tahoe today you would see a lot of dead and dying trees. It is something that we are all very concerned about, particularly since we are unable to do a lot of logging type operations as you normally would be able to do in a forest because of our environmental sensitivity.

So I think that with the reduction of the use of salt to turn to alternate deicers as we are looking at now, in combination with our transportation solutions. And if we could ever get some precipitation back into our weather pattern—hopefully this week and in the years to come—we can help solve those kinds of problems.

Senator Reid. That's one of the things that people don't realize. When an area becomes drought stricken, the foliage, the trees, just become anemic, so to speak. They just can't handle adversity like they could if they were healthy. That's a problem we have there. I look forward to working with you and your colleagues in that and the other areas to preserve this beautiful area that we have that we are proud of in Nevada.

Gentlemen, thank you very much.

Mayor Sferrazza. Sir?

Senator Reid. Yes, Mayor Sferrazza? I'm sorry.

Mayor Sferrazza. Since originally we didn't respond to your question, I just wanted to indicate that the intersections in Reno that we are particularly concerned about are Keystone and I-80, for which we did receive Federal funds and it is being corrected, but in order of most severity the ones that remain are: Virginia and Moana, Virginia and Plum, Mill and Kitzky, and Kitzky and Moana. Those are the ones that we believe are of most concern to us.

Senator Reid. Excellent.

Mayor Sferrazza. Thank you.

Senator Reid. Thank you very much.

We'll now hear from Mr. Garth Dull, Director, Nevada Department of Transportation; and Mr. Kenneth Mead, Director, Transportation Issues, United States General Accounting Office.

Director Dull, would you please proceed with your testimony?

STATEMENT OF GARTH DULL, DIRECTOR, NEVADA DEPARTMENT OF TRANSPORTATION, RENO, NV

Mr. DULL. Thank you, Senator Reid. Good morning.

My name is Garth Dull, Director of the Nevada Department of Transportation. I want to thank you for allowing us to testify on this very important legislation concerning the reauthorization of the Federal highway program which expires October 1, 1991.

In brief review, the current Federal aid program consists of over 800,000 miles nationwide. That includes 5,400 miles in Nevada. It is a categorical program of which the basic components are the Federal aid interstate, the primary, the secondary, and the urban system. It is predicated on a strong donor/donee relationship, and when we say that it sounds like the larger States are subsidizing the less populated States, and that's true. But the per capita cost per mile of Federal money in New York is the same as it is in Nevada.

The program that we have today has been in existence for over 70 years, and over the last 30 years it has evolved into the greatest transportation system the world has seen. It has served the Nation well.

Any reauthorization legislation should take into account the success of the current program. We are very concerned with some of the proposals that are out there for reauthorization. Most notable is the Federal Highway Administration's proposal. It is very similar to AASHTO's and also the Highway Users' Federation. They look like they were all cut from the same cloth, all authored by one person, so to speak. It reminds me of the analogy that says "When we're all thinking alike; nobody's thinking." [Laughter.]

The FHWA proposal would take the current Federal aid highway program of 800,000 miles and reduce it to what they would refer to as the Highway System of National Significance, which would encompass something like 150,000 miles—only a fraction of its present length. In Nevada our 5,400 miles would be reduced under the most optimistic scenario to about 1,300 miles. The rest of the system would be given back to the States in what they refer to as a "flexible program." What's flexible about it, we're not quite sure. That would include more than 4,000 miles in Nevada which would be given back to the State, and the distribution of funds would be predicated on taking the current funding amount and distributing it 65 percent to that highway system of national significance and 35 percent to the flexible program.

Out of every $1 that Nevada generates, 65 percent would go into a national pot to be distributed on a formula distribution basis for the highway system of national significance and $0.35 would remain in the State to address what they call the flexible program, or that more than 4,000 miles that would be given back to the State.

One of the other concerns in this proposal is the fact that there would be no Federal mandates, no Federal standards for construction or design. This we feel would compromise safety. It would be a retreat from the progress we have made in reduced accident and fatality rates on that very system that would be given back to the States, most notably the rural, primary, and secondary. They presently have the highest accident and fatality rates nationwide.

In addition, the highway system of national significance would carry approximately 35 percent of the Nation's traffic, as compared to today the current Federal aid system carries over 80 percent of all traffic. In Nevada, the Federal aid system's 5,400 miles carries 72 percent of all traffic and over 90 percent of all heavy truck traffic.

There is also a proposal to change the match ratios. That has been spoken to a little earlier and I won't go into it in great depth. But on that highway system of national significance the proposal is to have 75 percent Federal funds and 25 percent State—another effort to shove more of the burden back onto the States. On the flexible program it gets even worse: 50 percent Federal and 50 percent State.

The States are already shouldering most of the burden of transportation. In Nevada, out of our budget, which is about $250 million a year, two-thirds of that is State funded and one-third Federal. I think it is time for a corresponding increase in the Federal program. Only the Federal Government has the ability to promote equity between the States and between urban and rural areas.

Our current matching share in Nevada for most programs is 95 percent Federal and 5 percent State. We need to take the approximately $12 billion that you heard Senator Bryan speak of in just the highway account of the Federal Aid Trust Fund and spend it down. With the additional nickel that was recently imposed, $0.025 of that goes to the Highway Trust Fund, $0.025 goes strictly to deficit reduction. We think that as soon as possible the full $0.05 should be put into the Highway Trust Fund or into the Federal Aid Trust Fund and distributed accordingly to the States to increase the Federal funding level.

The flexible program presumes that the States can do it better. To be sure, all States have unique problems that can be better addressed at the local level, but without a national perspective many problems will have short-term solutions and may not serve the Nation in the long term.

We hope that Congress will pass legislation that embraces the basic concepts that have served the Nation well for so many years.

Our written testimony will be submitted later and will speak in greater detail of our concerns. Additionally, we will submit a proposed reauthorization legislation that we hope you will consider on what we think the program ought to look like.

I will be happy to answer any questions that you may have, Senator. I do thank you.

Senator **Reid**. We do have some for you. We're going to hear from Mr. Mead first. Please proceed.

STATEMENT OF KENNETH MEAD, DIRECTOR, TRANSPORTATION ISSUES, U.S. GENERAL ACCOUNTING OFFICE, WASHINGTON, D.C, ACCOMPANIED BY JACQUIE WILLIAMS-BRIDGERS

Mr. **Mead**. Thank you, Senator Reid.

I'd like to introduce my colleague at the table, Jacquie Williams-Bridgers. She leads our work in the surface transportation area.

I'll abbreviate the oral statement, of course, and just submit the written statement.

Senator REID. We'll make your full statement part of the record.

Mr. MEAD. Thank you.

We are delighted to be here. Of course, we were with you in Las Vegas earlier this year, but this is particularly a pleasure since I think Nevada, as evidenced by the transportation summit earlier this year, took a strong lead in coming to grips with its problems.

I was going to start off by setting the stage of what the needs are, but I think there has been ample evidence of that. I would just like to add though that, speaking at a national level, the Department of Transportation is estimating that roughly $29 to $30 billion is needed for each of the next 10 years to meet highway and bridge needs. Now, Nevada estimates about $4.7 billion will be needed to meet its State transportation needs over that same period. In terms of the nearly $30 billion needed nationally, what you see in current Federal authorizations is slightly less than half of that amount.

Meeting these needs, Mr. Chairman, will be extremely difficult. First, the Federal formulas designed to achieve national goals are not always well aligned with State needs. Second, recent budget agreements dim the prospects for significantly increased funding. Finally, proposals are circulating that, as Mr. Dull alluded to, would shift more of the financial responsibility for highway projects to the States.

Our focus today will be on State needs for flexibility and on some options for restructuring the highway program. Before discussing these, though, I would like to touch briefly on the status of the Nation's and Nevada's highways.

For example, the U.S. Department of Transportation estimates that about 40 percent of the interstate system offers a barely tolerable ride or worse. Now, you might ask what that means. Well, this picture is an illustration of pavement in poor condition. It provides a barely tolerable or worse ride.

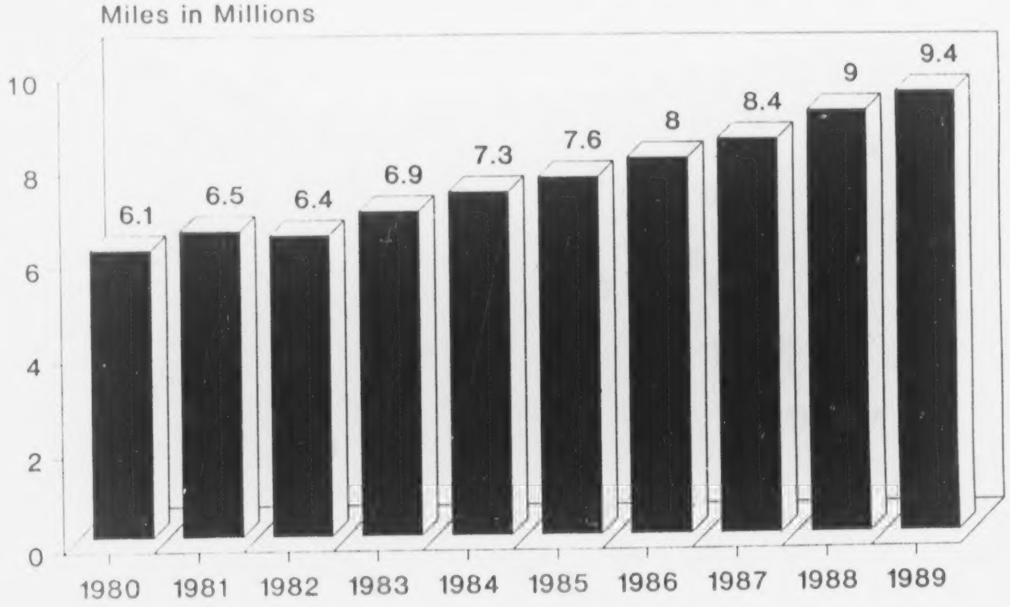
Senator REID. And that's 40 percent of our interstates?

Mr. MEAD. Yes. Now you might ask further how Nevada stacks up against the national norm. The fact is that your interstate pavement is in generally worse condition than the national norm.

Increasing congestion compounds the problems caused by deterioration. Nationwide, vehicle miles travelled increased approximately 38 percent between 1980 and 1989.

The next chart shows how Nevada compares. Although nationally it was 38 percent, Nevada's vehicle miles traveled increased by more than 50 percent from over 6 million miles to 9.4 million miles at the end of the decade.

Nevada's Vehicle Miles Traveled
(1980-1989)



Source: U.S. DOT, Federal Highway Administration.

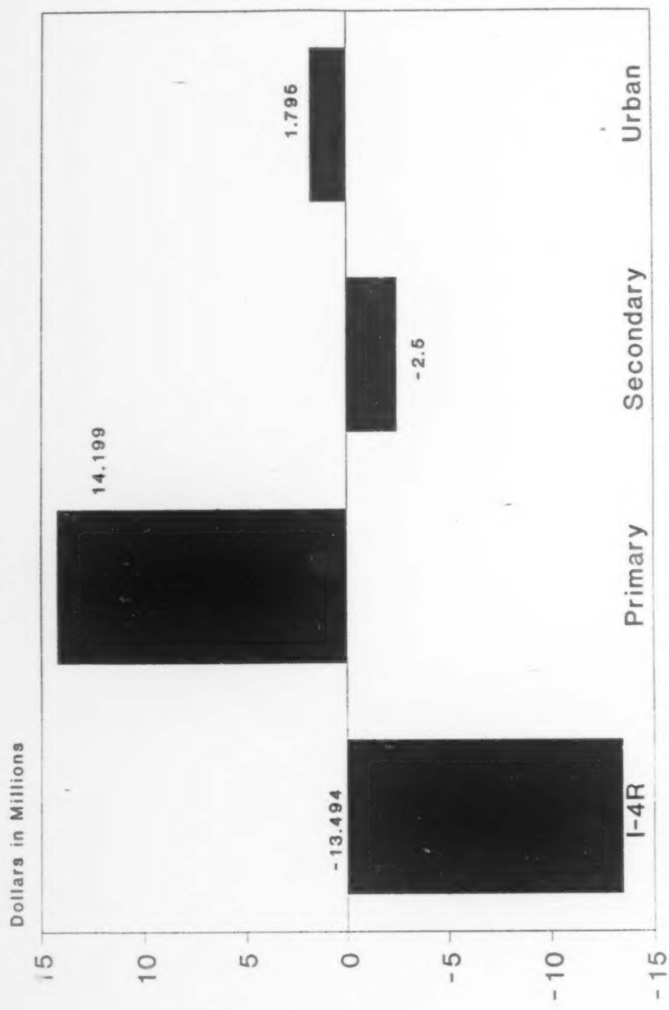
Mr. **Mead**. The challenge I think to the existing highway program is to provide enough flexibility so that States can meet their high priority needs while also addressing the national priorities. Flexibility is important because each State has its own needs, but it is not clear how much existing flexibility will be carried over into the new law.

The current program accommodates individual State needs to some degree by allowing the States to transfer money between the four Federal-aid highway systems and to use their own funds in advance of Federal reimbursements. Thirty-five States have transferred a total of over $800 million among programs during fiscal years 1988 through 1990.

This chart shows Nevada transferred about $19 million mainly from the interstate preservation program to the primary road program, indicating that its needs were more pressing in the primary area.

Flexibility may also be needed to allow States to find intermodal solutions to surface transportation problems. For the most part, existing Federal highway funds may not be used for mass transit or other transportation modes and vice versa. I think you may see in the Department's forthcoming reauthorization proposal some flexibility in that area.

Nevada's Transfer of Highway Funds*
(October 1, 1987 - September 30, 1990)



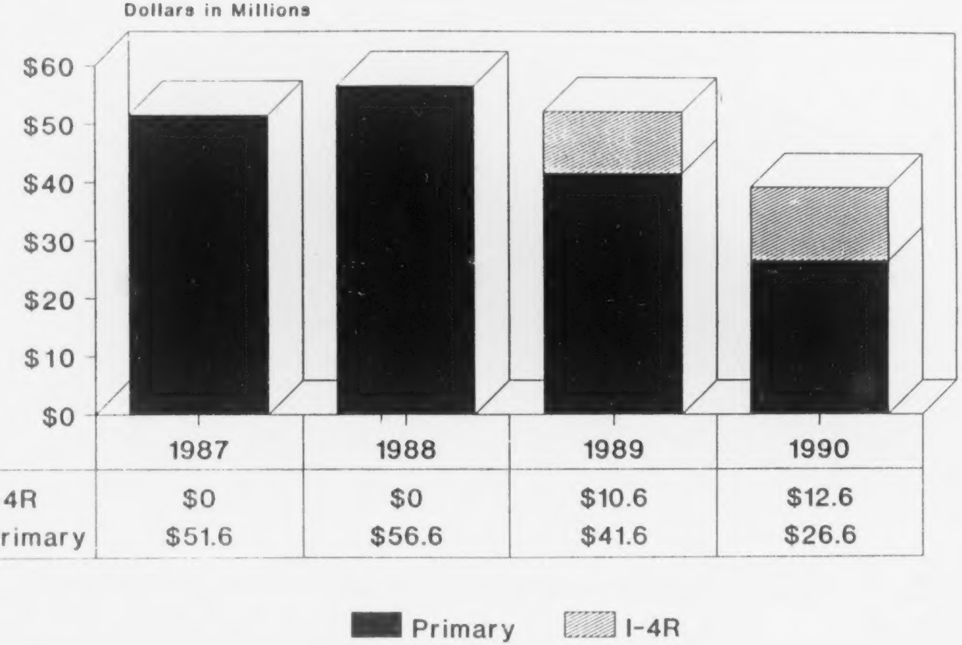
*Excludes Rail-Highway Crossings & Hazard Elimination.
Source: U.S. DOT, Federal Highway Administration.

Mr. **Mead**. Since the late 1970s, in an effort to control Federal spending on the highway program, Congress has imposed ceilings on the amount of Federal highway funds made available to the States. Under current law, the States are permitted to use their own funds in advance of Federal reimbursements to begin or continue Federal-aid highway projects.

At the end of fiscal year 1990, 38 States had an advance construction balance of approximately $3.1 billion outstanding. This is an extremely important self-help mechanism that is available to the States.

As this chart shows, Nevada has been very active in advance construction projects. As a percentage of total Federal highway funds authorized annually to the State, Nevada's year-end advance construction balances are among the highest in the nation. In fact, advance construction in Nevada represents about 20 percent of your entire Federal aid allocation, so that's a very important flexibility here in the State.

Nevada's Advance Construction Balances*
(1987-1990)



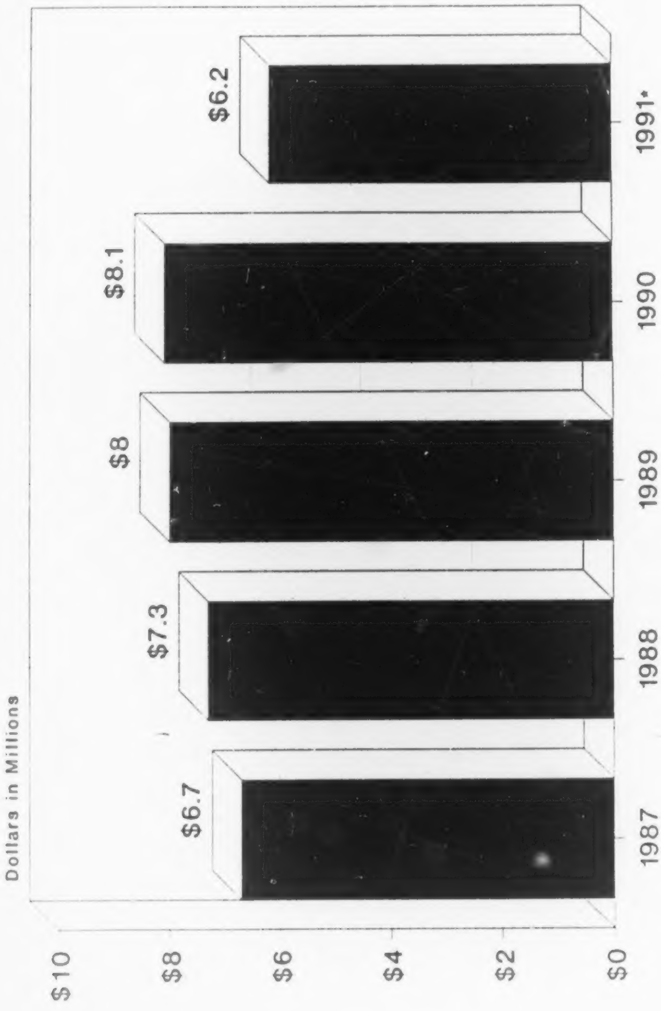
	1987	1988	1989	1990
I-4R	$0	$0	$10.6	$12.6
Primary	$51.6	$56.6	$41.6	$26.6

*Figures represent fiscal year-end balances.
Source: U.S. DOT, Federal Highway Administration.

Mr. **Mead**. Let's go to the next chart, please.

I want to talk for a moment about the unobligated balance in the Highway Trust Fund. The unobligated balance is a fancy way of saying "money that has not been made available to the States." It has increased from \$6.7 to \$8.1 billion between 1987 and 1990. The Federal Highway Administration projects a drop in the unobligated balance to \$6.2 billion by the end of fiscal year 1991 as a result of an increase in the obligation ceiling.

Federal-Aid Highway Program
Unobligated Balances (FY 1987- FY 1991)



*Balance for 1991 is an estimate.
Source: U.S. DOT, Federal Highway Administration.

Mr. **Mead**. I think you'll see, if you could put in the out years for 1992 and 1993, that balance creeping up again because of how they handle additional revenues coming from the gas tax and some other factors.

We have previously reported that the Federal highway program could sustain a higher level of activity of at least $3 billion. However, the recent budget agreement makes it unlikely that the new revenues credited to the Highway Trust Fund, such as those generated from increases in the Federal excise tax on gasoline, will be fully available in the immediate future.

That's the case because the new legislation imposes an annual spending cap on Federal domestic spending programs. We have not had these caps to contend with before, and it means that the highway program will have to compete with other domestic programs like aviation, and the Coast Guard for funds within those annual spending caps.

In the current budget environment the reality is that any drawdown of the Highway Trust Fund balance can be accomplished only at the expense of other Federal programs.

So, Mr. Chairman, the outlook from where we sit does not seem that good for significant increases in funding. But still another factor on the horizon—again, as Mr. Dull alluded to—is that DOT is considering a major restructuring of the existing highway program into basically two tiers—highways of national significance, and an urban and rural system.

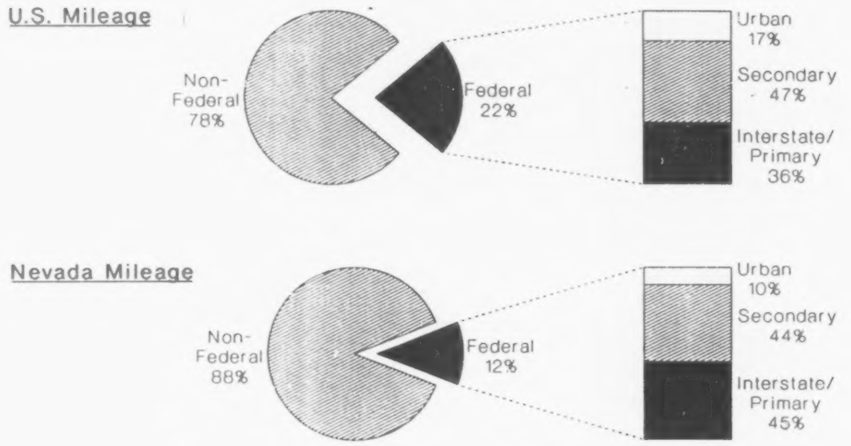
In that regard, we evaluated a demonstration program that Congress authorized in 1987 that permitted States to pool funds from several highway programs. The States participating in the demonstration program seemed to enjoy the flexibility of being able to pool their funds.

In our recommendations to the Congress, we noted that not all programs were eligible for pooling and suggested that consideration be given to expanding the list of programs that could be pooled. Unfortunately though, the results of our evaluation may not be a good indication of how States would view the DOT reauthorization proposal. The reason for that is very simple: there is a fundamental difference between the demonstration program that Congress authorized and the reauthorization proposal.

The demonstration program did not change the Federal share for projects undertaken, nor did it change the amount of money that each State would receive. The restructuring proposal generally provides for a reduced Federal share on most projects, meaning that the State and local governments would have to pick up about 15 percent of the financial responsibility for most highway projects.

Why is this important? I'd like to spend just a moment on this point. States like Nevada that have relatively high excise taxes on gasoline yet small populations will face difficulties in assuming an added responsibility. On the average, as indicated in the chart, States already finance the construction and maintenance of 78 percent of the Nation's highways. They finance 100 percent of that. Nevada already bears more than that cost. Of your mileage in the State, 88 percent is handled exclusively by the State. That leaves 12 percent.

Comparison of Total U.S. and Nevada Federal-Aid and Non-Federal Aid System Mileage (1989)



Source: U.S. DOT, Federal Highway Administration.

Mr. **Mead**. Let's talk about this 12 percent for a moment because that 12 percent represents 5,300 lane miles, and those lane miles handle slightly over 80 percent of the traffic in this State. That 12 percent is your current Federal aid system.

Roughly half of the 5,300 miles of highway is urban and secondary system roads for which the Federal share could conceivably drop from 75 to 60 percent, and the State would have to pick up that added share. Now, a key open question is how much of your primary road system would be considered as part of the national highway system. We don't have the answer to that question for you, Mr. Chairman. The reason we don't is because, of all the proposals we've seen, none really comes to grips with a definition of what would qualify as a road within the national highway system. We think that's a very important decision. It will have very profound consequences for the State of Nevada. That's because roads of national significance will have the Federal Government picking up more of the tab than they will for roads in the urban/rural system.

I'd like to just sum up by making several overall observations that we think are important.

We believe as you move into this decade that it will be important to retain the existing flexibilities that the States have including expanded eligibility for pooling. It is absurd to think that the Federal Government can come up with one formula or one program configuration that will meet the needs of every State in the Union.

Second, we would advise extreme caution in adjusting the matching shares, particularly in raising them in a sudden and significant way. We're just not persuaded that the States are prepared to handle that.

Finally, we should consider additional revenue sources such as tolls. I think Congress will be considering the status of tolls on the Federal aid system which, in general, at the present time are not authorized by law. It may be an area that the committee may wish to explore.

I have reviewed the Nevada State position paper and I think it has a lot to recommend itself. One component of that proposal, though, assumes a sharp reduction in the trust fund balance and the distribution of that money to the States. I think it would be a good idea for the different States to consider what their position would be, what roads they would place their priorities on, if that money was not forthcoming. That's a fairly somber note to conclude our statement on, but I do think it is an important issue for each State, and especially the State of Nevada.

Thank you.

Senator **Reid**. Garth, I'd appreciate any comments you might have regarding the statement of Mr. Mead. Do you have any areas of disagreement, for example?

Mr. **Dull**. I think Mr. Mead makes some very good points. He has pointed out one of the things that we endorse in the current Federal aid highway program. It does have a considerable amount of flexibility in it. He has noted some realities there, of course. It is not likely we are going to be able to draw down the Highway Trust Fund, but I think we should still make every effort to do so.

We do need more money. It is easier to argue for an expanded Federal aid system than it is for a reduced one as proposed by the Federal Highway Administration. I think Mr. Mead's comments have reinforced that the current system works very well, but what is lacking more than anything else is money.

Senator REID. Mr. Mead, I think the visual aids, for lack of a better word, that you brought to the hearing have illustrated the problem that we sometimes talk on the fringes of things and don't really get into the meat. Director Dull, we are now having proposals in Congress to increase the size of trucks all over the country. What would that do to the roads?

Mr. DULL. That's of great concern to us. As you know, we are one of the few States that does allow triple trailers on the roads now. The axle limits are the same; however, they are larger vehicles and they do add to a safety problem, either perceived or real. We think it is a real one, frankly, and we are not for increased truck size and weight.

Senator REID. Do you think that the increased size of the trucks that come through Nevada has added to the problems that we have—40 percent of our interstate in poor condition?

Mr. DULL. That's true. We have shifted the emphasis away from the interstate necessarily because of the growing need in the urban areas of Las Vegas and Reno to extend the primary system, of course. But trucks do contribute to an awful lot of the deterioration of our highways.

Senator REID. Director Dull, one of the things that I want you to elaborate on is your testimony that one of the things that we must maintain with our highway system is a uniform method of construction. There are those—and you correct me if I am wrong—who say, in effect, you should be able to have total discretion as to what you build. It is the local traffic director's decision as to what road construction should be used and not decided in Washington. Let me hear your comments on that.

Mr. DULL. I think there are some obvious benefits to continuity of design, whether it is geometric design or construction. I think the proposal that would allow every State to, in essence, come up with its own design standards and construction standards is flawed. I think the obvious continuity of design we have now in the urban areas or the connecting primary routes between States is obvious. It has reduced on a continuing basis year after year our accident and fatality rates. So there is some logic to uniform standards, whatever they are.

I would agree that some of our standards ought to be looked at and modified, but whatever we use ought to be uniform nationwide.

Senator REID. Describe the steps the Nevada Department of Transportation is taking to improve conditions in I–80.

Mr. DULL. We have recently been able to let some very important projects which would reconstruct or repave some very important sections of I–80, most notably outside of Lovelock, both east and west of Lovelock—about a total of $15 to $20 million worth. There are several other I–80 projects—Button Point is one, just east of Winnemucca. That one——

Senator REID. Are those areas in bad shape?

Mr. **Dull**. They are in very bad shape. The overall condition of the interstate system in Nevada, as Mr. Mead said, is probably worse than it is in most of the rest of the United States.

Senator **Reid**. Tell me about the work that was done that we are all aware of—those of us that have travelled toward Fernley—that work that has been generally completed there. Why was that needed and what was done to correct it?

Mr. **Dull**. As I think everybody is aware, the roadway was deteriorating greatly. We have overlaid that with concrete. I think it is a very good project. It is just being completed at this time. It is open to traffic. There are still a few things to be completed out there, but it represents about 10 miles of improvement there that was badly needed.

Senator **Reid**. Why shouldn't the categories within the Federal highway program simply be eliminated and the program turned into a highway block grant?

Mr. **Dull**. I think the categories that are there have given the States the opportunity to have a balanced program to address the different systems of highways on a priority basis such as the interstate, primary, secondary, and urban system, without the conflict of competing for the same funds between the urban and rural areas. In other words, you can prioritize rural projects against rural projects, urban projects against urban projects, and the interstate against the interstate, and so on and so forth. But it does give us a balanced program, and we think that is very important.

Senator **Reid**. Mr. Mead, you have obviously seen the Administration's draft highway reauthorization proposal. Do you know how Nevada will fare under it?

Mr. **Mead**. No. I tried in our overview statement to say that a very profound issue for a State like Nevada is how much of the primary system will be considered as part of the national highway system. There is no definition of what qualifies as a national highway system.

In terms of the funding formulas, one cannot tell. I think it is a safe statement, though, to observe that the State of Nevada, like most States, will probably end up picking up a greater share of the highway projects.

The lack of specificity in some very key consequential areas is disturbing. Mr. Dull and I just came from the AASHTO convention in Phoenix where these issues are being discussed, and it would be most helpful if we had a more concrete idea of what was being put on the table.

Senator **Reid**. Why is it so vague and nondescript?

Mr. **Mead**. Well, I would not care to speculate for why the Department of Transportation has left it that way. I suspect that they are circulating this proposal now to generate debate among the States and dialog to see if they can arrive at some consensus. I think that's why it speaks very well of your State that you have a position paper that lays out where you stand on the issues.

Senator **Reid**. Do you think the Office of Management and Budget has yet had a chance to put their claws on this?

Mr. **Mead**. It is with them now. That was my understanding when we left Washington.

Senator **Reid**. Director Dull, do you have an idea why there hasn't been more specificity?

Mr. **Dull**. I'm glad you asked that. I'd like to respond. I do have some ideas, yes. I know that I have asked Tom Larson—and I will see Tom Larson again tomorrow—who is the administrator of the Federal Highway program what the rationale is for the highway system of national significance. What are the qualifying criteria that goes into it? Nobody has been able to give me that at all yet except that it would carry approximately 35 percent of the traffic. So I think they started out with 35 percent of the traffic and backed into a system of mileage that would handle 35 percent of the traffic.

The other thing that I would speculate on is that since there is not enough money right now, there is a very limited amount of money available, there is not enough money to finance the total 850,000 miles nationwide. So they are going to reduce the system to where it can be more easily funded, even though our increased population and traffic mix would argue for a more expanded system, not a reduced system.

Senator **Reid**. Well, we would hope, gentlemen, that maybe the situation in the Middle East will be alleviated in the near future to allow us to concentrate on some of the tremendously dire domestic needs that we have, not the least of which is the infrastructure of this country, including roads, bridges, and dams. So I appreciate very much the national perspective, Mr. Mead, that you have on this. Director Bowsher is to be complimented for having people of your knowledge, and also the State is certainly well suited with you leading. It is a difficult task we all have before us. Thank you very much.

Mr. **Mead**. I would just like to say how important it is for us in doing our work to get out into the field to get the views of the State directly. We appreciate not only the opportunity to communicate our work here, but also to learn from the State officials in forums such as these. Thank you very much.

Senator **Reid**. Thank you very much.

Mr. **Dull**. Thank you very much, Senator.

Senator **Reid**. The final panel today is one of most interest. We will hear first from Mr. Keith Lee, who is the counsel for the Washoe County Airport Authority, and we'll hear from Mr. Robert Cashin, Area Director/South Bay, Los Angeles County Transportation Commission.

Mr. Lee, thank you for your patience.

STATEMENT OF KEITH LEE, COUNSEL, AIRPORT AUTHORITY OF WASHOE COUNTY RENO, NV

Mr. **Lee**. My pleasure, Senator. Thank you for allowing us at the Airport Authority at Washoe County to be part of this transportation summit. While we recognize that the primary emphasis is the reauthorization of the Federal Highway Trust Funds, we appreciate your recognition of the importance of air transportation to the Truckee Meadows, as well as air transportation to the entire transportation situation as it exists in the west particularly.

Mr. Chairman, my name is Keith Lee. I am a resident of Reno, Nevada. I appear before you as a member of the Reno/Tahoe Air Service Task Force, the Airport Authority's Master Plan Task Force, as well as outside counsel to the Airport Authority.

The Airport Authority of Washoe County owns and operates two facilities—Reno International Airport and the Reno Stead Airport. Reno Cannon International provides air carrier transportation facilities and services to accommodate commercial, charter, and general aviation aircraft. International customs facilities and services are provided, as well as a modern, efficient air cargo facility. We are also proud to say that Reno Cannon International serves as the home base of the Nevada Air National Guard's 152d Tactical Reconnaissance Unit which, as we know, some have left already and others are going to the Mideast. We wish them Godspeed.

Reno Stead Airport is best known probably as a general aviation facility which plays host annually to the national championship air races here in Reno.

In 1989 the Airport Authority of Washoe County commissioned a study to determine the economic impact that the two Truckee Meadows airports have on the regional economy. In my prepared text I have included a chart, as well as the entire economic impact study. The chart summarizes the economic impact in 1989 of the Reno Cannon International and Reno Stead Airports. The bottom line of that study is that the two Reno airports—Cannon and the Reno Stead facility—have impact of $1 billion per annum in the Truckee Meadows Region. That translates to something a little bit more than $3 million per day of economic impact of these two airports in this region.

The study also showed that 3,607 persons were employed directly or indirectly as a result of the two airports in our area.

There is no denying the significant impact that the two regional airport operations have on the economy in the Truckee Meadows. Through the efforts of the Reno/Tahoe Air Service Task Force, the scheduled air service to the Truckee Meadows is among the best in the country for airports the size of ours serving a population base the size of the Truckee Meadows. We are proud of the scheduled air service we have and are continually working in partnership with the business community, the hotel/resort community, the ski and recreational resort operators, and others to obtain even better air service for the Reno area.

Most importantly to the issues at hand before this summit, Mr. Chairman, the Airport Authority is updating the airport master plan. The master plan establishes a schedule of financial and construction priorities for the next 20 years, ensuring adequate facilities to meet the air transportation needs of the Truckee Meadows. Integrated with the master plan is a noise compatibility study conducted in accordance with Part 150 of the Federal Aviation Regulations. This study is identifying present and forecasting anticipated noise contours for the Truckee Meadows area. The study will identify noise sensitive areas and establish a program to abate or mitigate unacceptable noise exposures.

Our master plan has identified one area of immediate concern, Mr. Chairman. Presently there is only one instrument flight rated commercial runway serving the Truckee Meadows area. If that runway, which is designated 16 right/34 left, were ever to go down because of a mishap or accident such as the tragedy that occurred in Detroit several days ago, or because of a structural failure of the runway, itself, then the Truckee Meadows would be without commercial air service perhaps for only a few hours, but devastatingly perhaps for several months.

It is significant to note, Mr. Chairman, that the next closest airport serving the Truckee Meadows area for commercial aircraft is Sacramento. Eighteen years ago when the present commercially-rated runway 16 right/34 left was resurfaced, commercial aviation was able to be diverted to the Reno Stead facility for the short period of time that it took to resurface that runway. That is no longer a viable option. Runway 16 right/34 left is quickly approaching its maximum life. Consequently, we at the Airport Authority are approaching the time when 16 right/34 left must be completely reconstructed, and it will not be as simple a procedure as it was 18 years ago. Our engineers tell us that the runway must be completely torn up and must be reconstructed from the subsurface to the top. Simply stated, a resurfacing will not get the job done this time.

In order to avoid an interruption in the commercial and chartered aviation service to the Truckee Meadows and still accomplish the rebuilding of the present runway, the master plan has identified a procedure that will require the upgrading of the present parallel general aviation runway designated 16 left/34 right. This is no small task. It is estimated that with funding from the Federal Aviation's airport improvement program, the FAA discretionary funds, and some bonding capacity that we have available at the Airport Authority, that the cost of upgrading 16 left/34 right is somewhere between $27 to $30 million and will take approximately 5 years from the commencement of studies and the obtaining of funding to the completion. Then and only then can we begin reconstruction of the present commercial runway.

It is estimated that in present dollars the reconstruction of the present runway will cost $12 to $15 million.

If I may, Mr. Chairman, I would direct your attention and the committee's attention to the chart that we have over to your left. It shows the phasing that has been developed by the master plan. The red is phase one, which is anticipated to begin between now and 1995. The blue is phase two from 1995 to roughly 2000, and then the green is from 2000 on. Of course, these timeframes will overlap.

What I have just referred to is the portion designated in the red that runs the lengthwise portion of the chart, itself, showing the present commercial runway, the present general aviation runway, and the proposed expansion of the present general aviation runway which is the long parallel line that is to the upper portion of the chart. I would indicate, Mr. Chairman, that the present general aviation runway terminates right now where the green perpendicular line intersects it. It is roughly 6,000 feet, and we have to expand it to roughly 9,000 feet. I would indicate further that this cost estimate of $27 to $30 million that I have indicated to you does not include upgrading the general aviation runway to instrument flight rated standards or IFR standards; it simply will upgrade it to VFR or visual flight rule standards for commercial and charter aircraft.

To summarize my testimony, Mr. Chairman, the Truckee Meadows simply cannot afford a shutdown of Reno Cannon International Airport. The Truckee Meadows economy cannot sustain over time a loss of $3 million per day, nor do we believe the residents of Truckee Meadows will accept having to travel to Sacramento to satisfy their commercial aviation requirements.

Again, Mr. Chairman, thank you for allowing us to be part of this summit on transportation.

Senator REID. If you have the time, we would like you to wait. We have some questions as soon as we finish with Mr. Cashing.

Mr. LEE. I would be pleased to.

Senator REID. Please proceed.

STATEMENT OF ROBERT CASHIN, AREA DIRECTOR, SOUTH BAY REGION, LOS ANGELES COUNTY TRANSPORTATION COMMISSION, LOS ANGELES, CA

Mr. CASHIN. Good morning, Mr. Chairman. My name is Robert Cashin. I'm the director for the South Bay Region of the L.A. County Transportation Commission.

I want to first of all thank you for the opportunity to appear here today and to discuss the reauthorization of the Federal aid highway program as it relates to the Los Angeles Region. As mentioned by Senator Bryan and your governor, we heartily agree that a common front is imperative if the western States are to be adequately served.

Last month the people of Los Angeles County renewed their commitment to improving transportation and relieving congestion by voting to pass proposition C, which will add an additional $0.005 to the sales tax for transportation needs in the county. This new commitment will annually bring in an additional $400 million in new revenues for many needed projects.

An important aspect of proposition C is that 25 percent of the revenues are allocated to improve transit speed and reliability on streets and highways. In addition, as you know, three State-wide ballot initiatives were passed in California in June to increase the State gas tax and rail financing over the next 10 years, resulting in over $20 billion for transit improvements and transportation improvements. It will also bring our State gasoline excise tax up to $0.18—starting to get up on par with your own.

These are two of the most recent examples of the public's commitment to improving transportation in Los Angeles County. I can assure you every penny will be needed to overcome the enormous transportation problems we are encountering. Currently our total daily average speed is 35 miles an hour on the freeway system, and we have projected that by the year 2000 it will be down to 17 miles per hour.

Right now there are more people who go to work in Los Angeles County, alone, in their own automobiles than any other place in the world. Approximately 98 percent of our residents commute by automobile. These statistics, combined with the mandate to reduce air pollution which we have received from the air quality management district and the new Clean Air Act Amendments presents a tremendous challenge to the commission and will dramatically change—and we hope improve—the quality of life we enjoy in Los Angeles.

Air pollution costs the residents in the area as much as $13 billion a year in health expenses and damage to crops and property.

I would like to briefly outline some of the projects and programs we have undertaken to eliminate these problems. We have taken a very broad and diverse approach in our efforts from the implementation of HOV lanes and development of a five-county commuter rail network——

Senator REID. For those of us that may not understand HOV, what does that mean?

Mr. CASHIN. Excuse me. That stands for high occupancy vehicle land program—and development of a five-county commuter network to creating a major subway and light rail system.

First, to solve our congestion and transportation problems we sought a balanced, multi-modal solution. In that light, we have a 30-year transit improvement program to provide a subway system, 150 miles of light rail, 400 miles of commuter rail, and a public/private partnership for a Mag Lev facility between the L.A. International Airport and Palmdale. The construction and operation cost for this program over the next 30 years amounts to $115 billion, all but 9 percent of which is either State and locally or privately funded. We'll only be getting 9 percent from the Federal Government on that program. Details of the program are in my prepared remarks. I won't go through them right now.

Senator REID. We'll make that part of the record.

Mr. CASHIN. Some years ago it appeared that proposals for monorail as a transit mode would never go further than the drawing board. However, the California Department of Transportation has reassessed the potential use of freeway medians for monorail. We are aggressively studying potential uses of monorail, particularly in the San Fernando Valley, and we will need cooperation from the Federal Highway Administration to implement such ap project. We hope to be working you with, Senator Reid, on your proposed Mag Lev right-of-way utilization so that we can tie monorail into that also.

Our efforts in mass transit are expected to dramatically decrease commute times on our freeways by eliminating many auto trips. However, due to the geographic layout of the county and Southern California's affinity for the automobiles, we must also use our highways more efficiently.

An area that is gaining interest at the local and national level is advancing intelligent vehicle highway systems and locally the multi-agency smart street demonstration program. Smart streets utilize a full range of advanced technologies to reduce congestion, pollution, and travel delays through improved traffic management and information so drivers can make informed decisions about alternate routes when accidents or delays occur.

Based upon our experience, we believe that motorists on our most congested freeway corridors—the Santa Monica Freeway—can reduce travel times by 15 percent with the resulting reduction in fuel use of 13 percent and pollution emissions of 10 percent.

We are pleased to see that the Congress in its fiscal year 1991 Federal highway budget provides $20 million for such technology, research, and applications, and we would encourage you, Senator, as a key player on transportation issues, to continue to improve that effort. Intelligent vehicles will benefit not only the Los Angeles area, but may provide some relief to highway congestion problems in the Las Vegas metropolitan area, as well. In addition, we are developing and implementing technologies which will be transferrable to other major urban areas.

The commission is also working with the State, neighboring counties, and transit operators to expand the metropolitan high occupancy vehicle network. This will provide tangible travel time incentives to bus and car pool users, while also reducing congestion in mixed-flow lanes. In another effort to make better use of existing freeways in Los Angeles County, we recently unveiled a comprehensive county- wide program of freeway tow service vehicles which will quickly respond to accidents and stalled vehicles on our freeways. Fifty percent of the congestion on the Los Angeles freeways is caused by accidents and vehicle breakdowns. The new service will significantly reduce accidents caused by that congestion while providing prompt service to stranded motorists.

Senator, those of us in the hinterlands are still trying to figure out many of the changes which were made as part of the 1991 Budget and Deficit Reduction Act. It is clear that there is a new direction in terms of using spending caps instead of the deficit reduction targets contained in the original Gramm Rudman Act. What this means is that we will probably have to work within existing resources and explore alternative funding mechanisms at the Federal level.

An example of this is the $1.5 billion which Congress and the President approved for expenditures out of the Highway Trust Fund for 1991. This could be used as a source for a flexible funding program which could be used for highways or transit based upon local needs and decision making. We feel that such a program could take advantage of the demonstration which California has undertaken through its flexible congestion relief funding program. Through this program, funds are provided to improve mobility and reduce congestion in a corridor. The counties then develop the most effective means to do this, either providing additional capacity or constructing of freeway, removing local traffic by improving parallel arterials, or constructing a parallel transit facility. The decision of which action to take is based upon cost/benefit analysis and community needs.

We do want to confirm, however, that having Federal funds available for highway and local streets and roads projects is very important to both our regional network and the street systems maintained by our local jurisdictions. In the Reauthorization Act we are looking for flexible funding so that each State can determine its own priorities within the context of strong national goals. We're looking at maintaining the integrity of the Transportation Trust Fund, and also the spending down of the existing balances. And we are also looking for a fair and equitable distribution of Federal dollars which recognize the importance of nationally significant routes.

To get back to a little Mag Lev study, in Congress there was an unprecedented interest last session in establishing the Federal role in Mag Lev technology. In addition to the efforts to connect Las Vegas to Southern California, the L.A. County Transportation Commission has also been involved at the State level with a Mag Lev project to connect Los Angeles Airport 60 miles to Palmdale and an expanding regional airport there. Recently, the State of California selected four demonstration projects for private/public participation. Unfortunately, the LAX/Palmdale project ranked fifth. However, the Los Angeles County Transportation Commission is looking at ways to leverage some public support to make this project a possibility. We need to look not only at Federal resources, but, more importantly, at ways to ensure strong cooperation between the Federal Highway Administration and regional Mag Lev projects, especially in terms of securing authority to use Federal interstate right-of-way without having to cut through a mountain of red tape.

We look forward to working with you, Senator Reid, on your proposed legislation regarding this item.

Senator Reid, I could continue for many hours on the problems we have on this study and other options we are considering; however, I think that I would conclude by saying that we are optimistic in Los Angeles that, despite the obvious enormous problems we have to overcome, with the support of Federal, State, and local governments we will reach our goals of both improving transportation and meeting our commitment to clean air. As you know, our executive director, Neal Peterson, and now myself, have had the opportunity to visit your State and meet with the individuals who are trying to meet some of the same demands in Nevada that we have in Los Angeles. I would encourage you to visit Los Angeles and see first hand some of the programs I have described.

Thank you once again for this opportunity. I would be happy to answer any questions.

Senator Reid. Thank you very much.

Mr. Lee, would you describe how this runway restoration project and refurbishing project can take place and still have traffic coming and going?

Mr. Lee. I'd be happy to try, Senator.

As I indicated in my prepared remarks, 18 years ago when we resurfaced the present commercial runway we had the flexibility, because of the type and size of commercial aircraft then, to still use the Stead facility as an alternate. I'm sure many of us in this room remember using Stead facility during the period of time that the present commercial runway was being resurfaced. As I indicated, our engineers tell us we cannot simply go in and resurface the present commercial runway. We must tear the entire thing up, literally, and start with the sub-base and build back up to the surface.

Obviously we cannot—that is estimated to take two construction seasons to do. We simply can't do it. It has been suggested we could do it from 1:00 in the morning to 5:30 in the morning, which is slack time at the airport. That simply cannot be done, either. It just doesn't make sense to do it that way.

So what our plan has come up with, and what we think is the best way, is to take the present general aviation runway, which is some 6,000 feet long and is used only for general aviation aircraft—

single engine and twin engine general aviation aircraft—and is not at all utilized by the jet charter and commercial aircraft, we must take that and we must upgrade that to Federal Aviation Administration standards to accommodate commercial aircraft and charter aircraft to land and take off using that parallel runway. That, as I indicated earlier, is on the chart the upper red line that runs parallel to the chart. That is the present general aviation runway.

As I indicated, it——

Senator REID. But the one that would meet FAA specifications to land other aircraft is the green line?

Mr. LEE. No. That's the present cross-wind runway. That——

Senator REID. Okay. I know what you're saying now.

Mr. LEE. Commercial aviation can land there. They don't like to. I think some of us who fly a lot have experienced having to land there once or twice. I recall coming in from Las Vegas once and having to land there because——

Senator REID. Drop you quick, don't they?

Mr. LEE [continuing]. There was about 40-knot winds from the west. It is rated for commercial aircraft but, to my knowledge, commercial aviation will not use it. No airline will use that. So what we are talking about are the two red lines that run parallel to the length of the chart. The upper one is the present general aviation runway which now ends at perpendicular where the green line crosses. You'll see that the extension to the south is the extension required to accommodate commercial aircraft. We also have to install different landing devices. We also have to create a different and better taxiway than we have now to meet spacing requirements as required by the FAA.

Senator REID. Describe the condition of the runway that is used so much now.

Mr. LEE. If I may, I'd like to introduce Robert Esperance, who is director of operations at the airport. I'm afraid it's technical. I could say something, but I might misspeak on that, Mr. Chairman. If I could have Mr. Esperance speak to that——

Senator REID. Of course.

Mr. LEE. The question, Robert, is: what is the present condition of the single commercial aviation runway we have.

Senator REID. And how many years use it has left in it.

Mr. ESPERANCE. Mr. Chairman, the condition of runway 16 right/34 left is very poor. We have done considerable studies on it—nondestructive testing—over the past five years and have established a database which tells us that that runway has approximately five years left before we have major faults in the runway. It is deteriorating right now, and we will no doubt have some major failures in the runway within five years. Major failures undoubtedly, as you know, mean that the entire runway will be out of service.

Senator REID. Will the airport be able to handle the new noise guidelines that have been established?

Mr. ESPERANCE. Our guidelines at this present time call for reduction in noise. Right now we have 70-plus percent of our air carriers in stage three aircraft. Using the proposed new parallel runway will still meet those guidelines. The envelopes of the noise will not change because of the use of the proposed new runway, mainly because that runway is 750 feet from the main parallel runway now.

Senator **Reid**. It is my further understanding—either Mr. Lee or you—that the upgrading of 16 left/34 right would take about 5 years and about $30 million. If the moneys were made available sooner would it be cheaper?

Mr. **Esperance**. Projected as we know in the past, costs always go up. If the project were started right now, it would be cheaper than it would be 5 years from now.

Senator **Reid**. Thank you very much for your time here. We appreciate it very much.

Mr. **Cashin**. Thank you, Senator.

Senator **Reid**. We have a few minutes left—and just a few minutes. I would like to ask if there is anyone in the audience that would care to say anything about transportation in Washoe Valley. Please come forward. I see two have raised their hands. Ladies before gentlemen. Please come forward. Please state your name and spell it because we have a record that we are maintaining.

STATEMENT OF PAMELA DRUM

Ms. **Drum**. Thank you very much, Mr. Chairman. My name is Pamela Drum, D-R-U-M. I'm here representing David Ziegler, who is the Executive Director of the Tahoe Regional Planning Agency.

I just appreciate the opportunity to have a word or two with you and the members of your committee regarding transportation in the Lake Tahoe basin.

We agree wholeheartedly with all the witnesses so far who have talked about the need for cooperation between the public and the private sectors. We also would like to go a step further and urge cooperation on a regional basis. We are a regional planning agency; however, by looking at some of the VMT figures in Nevada and California, we aren't regional enough in the sense that the huge increases in vehicle miles travelled in California and Nevada in those populated areas are also having a great impact on the vehicle miles travelled within the Lake Tahoe basin.

When the members of the consensus group sat down during the mid-1980's to hammer out a 1987 regional plan, they decided that there was a need for a 10 percent reduction in vehicle miles travelled in the Lake Tahoe basin. While our increase has not been as great as the surrounding populated areas in Nevada and California, we, instead of a reduction, have had a 10 percent increase in vehicle miles travelled. That is of a great concern to us. Therefore, the need for regional cooperation in this matter—and we're talking about all the way from northern California through southern Nevada, which is where most of our visitors come from. At Lake Tahoe we, of course, have a unique situation in that we have the local resident traffic, but we have a far greater impact from the visitors to the Lake Tahoe basin, who number in the millions every year.

We wholeheartedly agree with the suggestion by Steve Teshara from the Tahoe Transportation Coalition for some planning dollars for the U.S. Forest Service. They do, of course, lease a lot of land for ski resorts and also maintain a lot of public beach area in the Tahoe basin. And, of course, as Steve pointed out, those areas do attract a lot of visitors. We would like the Forest Service to be able to play a greater role in transportation planning in the Tahoe basin.

We also often commonly link transportation with air quality problems. In Tahoe we have another kind of connection between transportation and water quality problems. Road cuts, cut and fill slopes, and unstable banks contribute a great deal to our problem of runoff and soil erosion in the Lake Tahoe basin which, of course, washes nutrients down into the lake and has a severe impact on water quality.

We would strongly support and urge greater percentages of dollars for transportation projects that go to landscaping, rehabilitation, bank stabilization, drainage control, and so forth. It sometimes seems that landscaping is the first thing to go when a project runs high in cost. We would urge that, especially in the Lake Tahoe basin where we do have a lot of steep slopes, we have a lot of dated damage—when the roads were built during the 1950s and 1960's—there is a great deal of rehabilitation to be done in the area of bank stabilization and drainage.

We have about 20 miles of scenic mountain highway that we would target on U.S. highway 50 and Nevada highway 28 on the Nevada side of the Lake Tahoe basin—about 20 miles of beautiful scenic area that is greatly impacted by the problems with soil erosion control.

We appreciate the cooperation that we have been getting from both Cal Trans and the Nevada Department of Transportation in recognizing some of the environmental impacts of the transportation programs. In fact, David Ziegler was here for most of the morning but had to leave. He is meeting with representatives of Cal Trans and N-DOT regarding the problem with road salts and the usage of road salt this winter in the Lake Tahoe basin.

In short, we believe that Lake Tahoe is a treasure of national and international significance. Preserving the air and water quality at Lake Tahoe and providing for a good visitor experience—an excellent visitor experience—from which traffic congestion detracts, are matters that should be of Federal interest and Federal concern.

We do appreciate the ability to be here today. Thank you.

Senator REID. You look like somebody I saw on TV once. [Laughter.]

Ms. DRUM. I once was. Yes.

Senator REID. Anyone else? Please come forward. State your name and spell it for the record, please.

STATEMENT OF TOM NOBLETT

Mr. NOBLETT. My name is Tom Noblett. I reside at 1555 Freeport, Sparks, Nevada.

Senator REID. Would you spell your name for the record, please?

Mr. NOBLETT. N-O-B-L-E-T-T.

Senator Reid, have you ever seen this?

Senator REID. No. I don't know what this is. I can't see it.

Mr. **Noblett**. It is a Durango Silverton narrow-gauge railroad. I was there this summer and I was absolutely amazed at the economy of a small Colorado city—very small. This train produces $24 million to that small town.

I am going to ask you if you would look into the VNT. I think it has got tremendous potential for the northern Nevada area. Guessing, I would say it would bring 40 million dollars' worth of economy to the northern end. We have the trains. We have the engines. However, we don't have the tracks. They are two miles down off the side of the mountain now and they've got 15 miles to go. It has been estimated it would cost $1 million a mile. Other estimations are at $270,000 a mile. I don't really know how much it would cost, but I'm asking you to push some buttons and pull some levers to see if we can't get this old train united back with history. I am positive that it would stimulate the northern Nevada economy immensely.

Senator **Reid**. I appreciate very much your being here. I am generally familiar with that. I have worked with the service organization in Carson City which has attempted to get that train running. Your statements are well taken. I appreciate it very much.

Mr. **Noblett**. Thank you very much, Senator.

Senator **Reid**. Anyone else? Please come forward.

STATEMENT OF JOHN B. HESTER, DIRECTOR, WASHOE COUNTY DEPARTMENT OF COMPREHENSIVE PLANNING

Mr. **Hester**. Thank you, Senator. My name is John Hester. I am director of Washoe County's Department of Comprehensive Planning. I am here on behalf of the Board of County Commissioners.

I also want to convey county manager John McIntyre's regrets for not being here. He is in Carson City on some water issues related to the negotiated settlement. He said you would understand and appreciate that.

Senator **Reid**. I sure do.

Mr. **Hester**. I will read just a summary from my testimony which was provided to your staff on the way in.

I am appearing before you today to voice Washoe County's wholehearted support for the Nevada Department of Transportation's position regarding reauthorization of the Federal aid highway program and the Federal role in financing our Nation's transportation infrastructure. Specifically, we feel that the structure of the existing Federal aid highway program should be, with only minor modifications, maintained. We also believe that the money paid into the Nation's Highway Trust Fund through the Federal gas tax should be used for the purpose of maintaining and improving our Nation's highways and transit systems, and the current Federal policy of withholding trust funds to artificially mask the magnitude of the overall Federal deficit should be discontinued.

That's a summary of my comments.

Senator **Reid**. The full statement will be made part of the record.

Mr. **Hester**. Thank you very much.

Senator **Reid**. Sir?

STATEMENT OF WAYNE FREDIANI, NEVADA MOTOR TRANSPORT ASSOCIATION

Mr. FREDIANI. Thank you, Senator Reid. For the record, my name is Wayne Frediani. I represent the Nevada Motor Transport Association.

Senator REID. You'd better spell that one.

Mr. FREDIANI. F-R-E-D-I-A-N-I.

Senator REID. Thank you.

Mr. FREDIANI. One of the concerns I have today in listening to some of the testimony is on the $0.05 increase that was signed into law. It appears to me, Senator, that out of this $0.025 that is going into the highway fund, it is going into the unobligated fund, not to increase highway spending.

Highway user fees in the State of Nevada, as well as registration fees, are very high, as I think most of the people know. It would appear to me that the essential ingredient here is the reduction of the Highway Trust Fund.

Unless we can get the trust fund off budget, it would appear that these funds are held hostage for a trade deficit and the American public is again being asked to sacrifice in the form of additional taxes for no improvements in highways.

I would just suggest to you that possibly—and I'm assured that in 1991 many industries are going to approach Congress for repeal of money going into deficit reduction, and additional money that is going into the highway trust fund as a mechanism to increase funding when it doesn't appear that that's going to be the case is grossly unfair.

I would appreciate you, Senator Reid, taking a look at that issue if it does resurface in 1991. It doesn't appear to me that the American public is again being told the truth in what is going to happen with this $0.05 mechanism. And does this $0.05 mechanism then become $0.10 five years down the road and continue to grow, as most taxes do, and people shortchanged?

Senator REID. Your comments are certainly well taken. It is not only the Highway Trust Fund, which is the subject of this hearing today, but also part of this hearing today related to the Airport Trust Fund, which is also being abused.

Mr. FREDIANI. I realize that.

Senator REID. And there are other trust funds. So your comments are well taken. I appreciate it very much.

Mr. FREDIANI. I appreciate the opportunity.

Senator REID. I would like to extend my appreciation to Nadine Hamilton, who is seated to my right, who has acted as clerk for these proceedings today. She is a member of the staff of the full Environment and Public Works Committee. I would also like to extend my appreciation to Janet Burrell, who is not here today but is a member of the staff of the Public Works Committee, who spent a lot of time helping us prepare for this hearing. I'd also extend thanks to Barry Zolkman, who is a member of my Washington, D.C., staff who is seated on the front row to my left; Roberta Grinzell, standing near the door, who is a member of the staff here in Reno; Florence Wary, who is outside, who is a volunteer who I appreciate very much her spending her time today helping with the matters that come before this committee.

Seated to my left is Jim Goode, who is a member of my Washington staff, who has been instrumental in establishing this hearing and has done his usual fine work, as he does in other matters for me.

This hearing record will remain open for a period of 30 days. Anyone that would like to submit additional testimony is welcome to do so by sending it to the Environment and Public Works Committee in Washington.

If there is no objection, the testimony that has been prepared for the League to Save Lake Tahoe will be made part of this record.

There being no further business to come before this committee, we stand in adjournment.

[Whereupon, at 12:35 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

[Statements submitted for the record follow:]

Statement of

Bob Miller
Governor
State of Nevada

For the

Subcommittee on Water Resources, Transportation and Infrastructure

Of the

Committee on Environment and Public Works

United States Senate

December 10, 1990

As Congress embarks on its review and reauthorization of the federal highway program, it is useful to go back to the basics on highways. What is the value of the highway system to the nation? Put simply, there would be no nation without it and to the degree that the national highway system is weakened, so will the nation be weakened. That point was recognized in the very beginning of the nation and has continued to be at the core of the consideration at each and every crucial juncture in the transportation system's development--including previous reauthorizations.

The evolution of the current Federal Highway System has occurred over a period of more than 70 years. The system in its present form carries most of our nation's traffic and goods. There are people in this country who would not vacation without our highway system. There are people who would not eat without the highway system. An adequate system of highways must be maintained to provide for the movement of people and goods from farm to market and state to state.

We must never lose sight of the underlying and most basic purpose of the highway system and that is to make it possible for the United States to function effectively as one nation. Road building is an essential element of nation-building and nation-building is a never finished task.

Transportation investments must be increased. Highways are productive investments, not consumer products. Without these investments, which have not kept pace with the growth of the economy in recent years, the economy will suffer and public revenues will be reduced. Highway spending is a winner, not a loser. In establishing a national policy for the highway program, one consensus principle should be that transportation investments must be increased.

Another is that the federal government should continue to play a significant role in transportation financing. The federal share of highway spending has been declining and the federal commitment to the national highway system has been wavering. State governments have taken up the slack but only the federal government is in a position to fulfill both financing and oversight functions. This guarantees the existence of a truly national highway system that meets the nation's economic and defense needs.

The nation must remain committed to a national highway system and not just to highways of national significance. Fifty separate state highway systems do not add up to a national system. You couldn't build a human body on major arteries alone--you need the small capillaries to make the system complete. So it is with highways--our largest freeways are dependent on other highways to make a whole national system...and fifty separate state highway systems do not add up to a national system.

One basic principle underlying the highway program has been compromised and must be restored. Highway user fees must be used for highways. This year's budget agreement severed this connection for the first time by sending one-half of the five cent gas tax increase to the federal general fund for deficit reduction. It is essential that the Congress honor the commitment that it made when taking that action and return the increase to the highway trust fund as soon as possible.

We must restore trust in the transportation trust fund. Revenues collected for highways and that can be used only for highways should be spent on highways and not retained as a bookkeeping deficit offset. The budget agreement expanded this practice by capping spending and thus preventing the use of the two-and-a-half cents of the gas tax increase that was designated for the highway trust fund.

We must increase flexibility in new transportation programs without abandoning the basic objectives we have always had and always will have--and we must resist the efforts to lay more and more unrelated mandates upon highway funding.

It is my sincere hope that Congress will enact a highway reauthorization next year that extends the program's basic strengths. How often can you get unanimous agreement that a government program has been a great success? How strange it would be if the foundations of that success were not maintained.

Given the current federal budget situation and the agreement that has been entered into, I think that the first order of business in the coming year is to maintain the level of funding that was achieved last year. The increase that was approved was a tremendous accomplishment but it is threatened by the prospect of very fierce competition for funds within the caps mandated in the budget agreement.

To understand Nevada's particular view on the highway program it is necessary to understand Nevada and states like it. Nevada has a relatively small population (1.3 million) but has been the fastest growing state over the past two decades. It is the nation's most urban state measured by the percentage of its population in metropolitan areas; but, it is also one of the nation's least densely populated states.

Clark County, which contains the City of Las Vegas, has in the last couple years been the fastest growing metropolitan area and now contains over 60% of Nevada's population. Lincoln County, which is immediately adjacent, has a population of around 4,000 and an area greater than six states. Eighty-seven percent of Nevada is owned by the federal government. Nevada is a bridge state, with a very high proportion of the vehicles on its highways originating and terminating in other states.

All told, Nevada has 50,000 miles of roads, with 5,400 miles on the Federal-aid highway system. Nevadans pay the highest state and local gas tax in the nation (though I am told we may share that honor with others now) and, per capita, Nevadans spend more on highway user fees than residents of any other state, because of the high gas tax and the great distances that must be driven.

Against that background and without going into great detail, I will make a few observations or highlight a few objections that Nevada and states like it have to the leading proposals that have been advanced for highway reauthorization.

The proposals under consideration would reduce the 5,400 miles of Nevada's highways on the Federal-aid system to around 1,000 miles of highways of national significance. Federal funding for the mileage dropped would be a simple dollar-for-dollar return on gas tax collected in the state. Federal matching shares would be reduced to 50% for projects on those highways and to 25% for projects on the new highways of national significance.

These proposals renege on the nation's commitment to a truly national highway system. They relegate the greater portion of the current system and the areas they serve into a category suggesting that they are not significant. They establish a financing arrangement that will redistribute highway money in a way that fragments the national system and disadvantages the less populous and less wealthy states. They also provide a tailor-made mechanism for the federal government to reduce its support for the national highway system.

Relaxing the requirement to maintain certain Federal-aid standards for design and construction on the miles dropped from the Federal-aid system would compromise safety. It would also threaten consistency of design and fragment the national highway system.

The changes proposed for federal matching shares make no sense.

States have shown a willingness to increase highway spending. We have already stretched to meet our obligations. Higher matching shares will not leverage more state money. They may price some states out of the game.

These changes would force states to spend maintenance money to match federal dollars. These changes will concentrate federal dollars to a degree that will produce an overall increase in funding for a limited amount of the existing system.

States such as Nevada with large areas of public lands would be especially hurt by the elimination of the compensations provided in the current program. Because the federal government owns 87 percent of Nevada for national purposes it has an obligation to provide access to and through those areas. States like Nevada must get more federal dollars than they contribute to the highway program if we are to have a national system.

These are among Nevada's principal concerns as we look to highway reauthorization. Every state has its own concerns. We will come together and support a program that best meets the needs of the nation and all of its constituent parts but that will require great effort and a great willingness to work together.

We must have a highway program that can deliver more resources to maintaining, enhancing and expanding the Interstate system. We must continue to respond to both the constant and changing elements of our economy in order to deliver materials, products and people as efficiently as possible. We must bring the characteristics of our transportation systems in urban areas up to the demands of today and tomorrow. We must make it possible for our urban areas to continue to make their full contribution to the nation's economy and to be full participants in the nation.

So let us get at it. Let us work together--state, federal and local governments-- to extend the federal highway program in a form that we can continue to be proud of.

We had better be successful, or we will be driving a "New Generation of Olds" on grampa's old highways.

California-Nevada
Super Speed Train
Commission

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TESTIMONY
BEFORE THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
WATER RESOURCES, TRANSPORTATION
AND INFRASTRUCTURE SUBCOMMITTEE

by

BRUCE A. AGUILERA

VICE CHAIRMAN, CALIFORNIA-NEVADA

SUPER SPEED TRAIN COMMISSION

Reno, Nevada

December 10, 1990

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Good Morning....

I am pleased to have the opportunity to speak to you.

My presentation today is on super speed trains. I have brought with me a video presentation that will give you a visual taste of what super speed trains are and what the current project in Nevada and California is all about. I'll show the video after my remarks.

I was appointed by Governor Miller to serve as a member of the Nevada delegation to the bi-state Super Speed Train Commission. I was elected Vice-Chairman of the Commission last month and will serve for one year in that position. Then I will assume the duties of Chairman for a one year period.

Let me begin with some history. In 1981 the City of Las Vegas began the preparation of a series of studies to determine the feasibility of building a super speed ground transportation system between Las Vegas and Southern California. An initial study completed in 1983 concluded that the project was technologically feasible and that additional studies needed to be conducted. Later that year the Federal Railroad Administration funded five additional studies that addressed ridership forecast, technology assessment, socioeconomic impacts, environmental review, and organizational/financial planning. The studies overwhelmingly showed that the train system is not only possible but that it would return a significant profit to the private sector builder and operator.

The next step was to enact state legislation in California and Nevada that would form a bi-state commission with the authority to implement this system. In mid to late 1987, the Nevada and California legislatures enacted legislation calling for a sixteen member commission, eight to be appointed by Nevada's Governor, four by California's Governor, two by the California Speaker of the Assembly, and two by the Senate Majority Leader.

To understand the responsibility charged to the California/Nevada Super Speed Train Commission, we must go back into the history of the Commission itself. Our marching orders, as a bi-state commission, are to oversee the privately financed introduction of a modern inter-city ground transportation system. Commission responsibilities are to (1) designate a private developer who will finance, build, and operate the project; (2) ensure that the developer's plan serves communities and reduces traffic congestion in Southern California and Nevada, and (3) review the private developer's plan for approval by both states.

It is the responsibility of the private developer to (1) present a plan for routes and stations to be served; (2) meet all environmental impact requirements and obtain all appropriate and necessary permits; and (3) assemble private financing sufficient to design, build, and operate the project. This is a very unique situation considering that transportation throughout the United States and Canada, and for that matter throughout Europe and Japan, is usually subsidized by government itself through taxpayers money and not paid for by the private sector.

It didn't take the Commission long to realize that the United States is truly the only highly industrialized nation in the world that does not have fast or super speed trains in operation, neither on the test track or the drawing board. And yet look at what other countries have accomplished. Europe has the Mag Lev and the French TGV; Japan has the High Speed, or so-called Bullet Train.

I guess the first question that was really asked by the Commission itself was: "Why the need for a super speed train?" We found out very easily that by the year 2000; there would be a shortfall in airport capacity in the United states of more than 20 million passengers each year. The amount of air cargo alone shipped throughout Southern California airports will double by the year 2010. According to a new FAA report recently released, U.S. commercial airline boarding will skyrocket 69 percent by the year 2001, further crowding the nation's already congested airways system. This will definitely create a wing-lock situation.

The number one problem today in the States of California and Nevada is ground transportation, commonly known on the west coast as "gridlock," which only means crowded roads, bumper-to-bumper freeways, and poor air quality. I firmly believe that our two states are now ready for a rapid change to clean, electric powered, super speed train travel.

That's what our bi-state commission is all about. Last year we established as our long-range goal a network of super-speed trains throughout the Pacific Southwest Region from Reno to Phoenix through Las Vegas and to San Francisco through Sacramento; from San Francisco to San Diego through Los Angeles and from Los Angeles to Phoenix.

Our super speed train studies have shown that the first SST project between Anaheim, California and Las Vegas, Nevada will eliminate at least 330 million vehicle miles of travel -- a savings of 22 million gallons of gasoline annually. This reduces the energy required for travel in the corridor by 17 percent, and again, substitutes electricity for polluting, gasoline engines. There would also be an 18 percent reduction in air pollution.

But you might ask, "Why start with Anaheim, California? Of all the cities and all the places in California, why Anaheim? And why Las Vegas, Nevada?"

The answer is because of a need for a large amount of potential ridership from these two great tourist meccas. Remember, the name of the game is fare box return which translates to passenger revenue. Tourist areas attract people that have spending money and time to avail themselves of new attractions. Anaheim itself is the home of Disneyland, the Anaheim Convention Center, the successful Anaheim Stadium, which is the home of the California Angels and the Los Angeles Rams. So Anaheim is truly the heart of orange county.

Tourism in California is the second major source of commerce, just behind agriculture. The Anaheim/Orange County area plays host to 35.1 million tourists annually; tourists spend

$5.3 billion annually in Orange County, generating 117,000 jobs and contributing approximately $50 million in local taxes.

Las Vegas attracts 17.1 million visitors annually; with approximately 11 million of them coming from states other than California. As you can see for Las Vegas, which is the entertainment capitol of the world, having the ability for the 35 million plus tourists that visit the Anaheim/Orange County area to easily, safely, and quickly visit our area would have a major favorable economic impact. Just think -- if only 10 percent of the total of the 17.1 million tourists in Las Vegas and the 35.1 million in Orange County would utilize the Super Speed Train, what a great fare box return we would have.

The report compiled by our consultant, Canadian Institute, indicates a 4 million passenger ridership in the first year of operation of the Super Speed Train between Las Vegas and Anaheim, and over 6 million by the year 2005. I believe these figures are accurate numbers we can rely on. Even today, after 35 years of success, you can go to Disneyland and still see people standing in line to ride the Monorail -- Because it represents the transportation of the future.

Speaking of the future, the trip between Anaheim and Las Vegas by super speed train will only take approximately 70 minutes at a round-trip cost of somewhere between $75 and $100, which is two-thirds of the cost of airfare for the same trip. The same trip today by Amtrak takes 7 and 1/2 hours. I'm certainly not putting down Amtrak, but all things considered, we have to start moving people more quickly and safely. Certainly 7 and 1/2 hours is unacceptable, so people are now utilizing the automobile; this situation must be changed. Driving time between Anaheim and Las Vegas is over four hours, and on a holiday weekend it could take 6 hours or more. I have heard horror stories about driving time in excess of 10 hours because of weather conditions such as wind and heat and lengthy delays caused by road construction.

Airline travel is an alternative, but in Orange County it is quite expensive and takes about 60 minutes. It's also very inconvenient, as the airlines like to have you at the airport an hour in advance of takeoff and then drop you off miles from the city. In addition, more and more people are becoming concerned about the safety of air travel, especially in major traffic congestion areas such as the skies over the Los Angeles, Orange County, and San Diego Areas.

In January 1990, the Commission issued a request for proposals for a franchise; four North American firms paid $5,000 each to obtain the RFP. Three of those firms filed formal Letters of Intent to submit a proposal to privately develop the SST Project.

In July of this year, history was made in Nevada and California when the Commission received a franchise proposal to build the world's first super speed magnetic levitation train; the formal proposal was submitted by a private consortium comprised of Bechtel Corporation of San Francisco and Transrapid

International of Germany. The consortium hopes to privately finance, build and operate the 300-mph Mag-Lev Train between Las Vegas Valley and Southern California by 1997.

In August 1990, after hearing a review of the Bechtel/Transrapid proposal by staff and consultants, the Commission found the proposal and Bechtel's $495,000 filing fee acceptable and named the Consortium as its Franchisee subject to execution of a Franchise Agreement which we hope to execute at our meeting next month.

Estimated costs for construction of stations, track and vehicles, etc. are about $5 billion dollars. Does this cost of $5 billion make sense? Can it be established that the SST is worth the cost? The answer to both questions is a definite yes.

One only has to make a comparison of the costs of the first major airport to be build in the United States in the last 15 years -- the new airport in Denver, Colorado, which just broke ground earlier this year. The basic cost -- and we all know the basic cost is just the beginning of what will follow -- is $2.8 billion. That's $2.8 billion! -- Or well over 50 percent of our estimated total cost of $5 billion to build the 270 miles of track for the super speed train.

When the Anaheim-Las Vegas Super Speed Train is built, construction costs alone are estimated to be $1 billion spent in California, and another $100 million to be spend in Nevada. It will provide from 10,000 to 15,000 construction jobs in California and 2,000 construction jobs in Nevada. After the

Super Speed Train is in full operation, it is estimated that 25,000 new permanent jobs will be created in each state and $600 million in new earnings will be added to each State's economy.

In addition to the environmental benefits, the California-Nevada Super Speed Train will provide the U.S. with a chance to be on the cutting edge of new transportation technology at no cost to the taxpayer. Reliance on private financing for the project is possible through value capture development opportunities at stations as well as ridership that will generate revenues from the fare box. Each stop on the train can become a magnet for commerce and industry.

As I mentioned earlier, the Commission has selected the Bechtel Consortium as its Franchisee. After satisfying local, state and federal permitting requirements on the environment and other matters and obtaining approvals by the legislatures and governors of both states, we hope to begin construction as early as 1992, with the system on-line by 1997. We have already involved officials at the city, county, state, and federal levels to insure support and understanding. Transportation is our acknowledged number one problem. Since "first generation" super speed ground transportation technology such as the French TGV and the German Mag-Lev are on-line, it is a logical answer to this first phase effort. This project represents a golden opportunity for real progress in dealing with some of the worst transportation problems while beginning to address America's competitive position. It is time that we look to this technology and put our best minds to work to take it into the next century.

In June 1990, Federal Railroad Administrator Gil Carmichael awarded a $250,000 grant to the Commission to provide up to half the cost of contractual support to evaluate and verify the benefits and impacts of a privately-build-and-operated super speed train. This was the first grant in the Bush administration's program to support privately-financed, state-of-the-art transportation projects.

What would this high-tech talk mean to residents of Nevada? Besides being able to leave at 8:00 in the morning with your family and be in San Francisco or Southern California by 9:15, or leave here at 11:00 a.m. on a Sunday morning and be sitting in your seat at a pro football game by 12:30, the Super Speed Train will offer many economic benefits to Nevada. Californians will have the availability of having a second home here in Nevada as many of them do in Palm Springs. The Super Speed Train will ensure that the economic growth in Nevada continues beyond the year 2000.

Our Commission needed to look at alternatives that will not only attract out-of-town visitors but reduce traffic congestion and pollution within our respective areas. The Las Vegas-Anaheim route has the finest potential nationally for farebox-return with super-speed service. Our plan is to create a Super Speed Train system linking two major tourist destinations which commuters may use in great numbers throughout the southwest region.

Overall, let me express our strong support for the investment guarantee program proposed in S. 1898 introduced by Sen. Reid last year. That is the kind of federal role we see as most appropriate in fostering early development of high-speed rail in the United States. Federal role expansion is long overdue. The government needs to turn its attention in 1991 to transportation facilities of national significance; in that I mean intercity and interstate trains as well as highways. Washington should unequivocably support alternatives--especially private alternatives--for increasing the travel capacity within our nation.

While we support continuation of federal assistance activities as I will outline below, the single most important thing the federal government could do for our project is to assure access to right-of-way alongside Interstate and other federally-assisted highways. The most straightforward way to do this is to leave precise terms for that access to the discretion of the states in cases of additional transportation facilities such as high-speed trains.

In conclusion, I would urge the Congress to move immediately to advance development of Super Speed ground transportation in the United States. Specifically, we need to

1. Remove any obstacles to Super-Speed Trains' use of federally-assisted rights-of-way--especially highways.

2. Provide incentives for, or otherwise facilite, U.S. industrial involvement in the fabrication as well as the construction of first-generation Super-Speed Train projects;

3. Commence research and development necessary and sufficient for America's entry into the "second-generation" market for Super-Speed Trains.

4. Provide inducements for U.S. industry to get involved in people-moving systems, which have been neglected for far too long;

5. Provide incentives for U.S. airlines to test the economic feasibility of switching to Super-Speed Trains for feeder services under 350 miles between city airports and to hubs;

6. Create a climate for economical operation of passenger trains by the private sector--based on Super-Speed Trains; this may involve a new look at railroading statutes and regulations.

7. Enact only the minimum necessary safety, health and environmental standards for high-speed ground transportation--maglev or steel-wheel.

The Commission appreciates the Committee's interest in and support for objectives and projects like ours. I look forward to working with you in any wav I may to move America into the forefront of Super-Speed Train technology.

Now I would like to show you the video. If time permits any questions. I will be more than happy to answer them. I have the Commission's latest Newsletter at the back of the room for those present who would like to pick one up.

Thank you.

RICHARD BRYAN
NEVADA

COMMITTEES:
BANKING, HOUSING, AND
URBAN AFFAIRS
COMMERCE, SCIENCE, AND
TRANSPORTATION
JOINT ECONOMIC

United States Senate
WASHINGTON, DC 20510

STATEMENT BY

UNITED STATES SENATOR

RICHARD H. BRYAN

DECEMBER 10, 1990

Mr. Chairman, I commend you for calling this hearing, and thank you for inviting me to testify.

Our transportation system is the lifeblood of our economy. In a nation the size of ours, the free and rapid flow of raw materials, manufactured goods, and passengers is essential to economic well-being. Here in Nevada, we are especially dependent on a reliable transportation system.

The federal highway program is one of the few types of government spending that meets with nearly universal public support. In a time of great dissatisfaction with federal spending and the federal budget process, it is clear that most Americans support, in fact demand, continued spending on our transportation infrastructure. The reason for this is clear: local, state, and federal spending on transportation has a direct effect on the quality of life for every American.

In spite of the success of the Interstate construction program, our nation's roads are in dire need of improvement. According to the U. S. Department of Transportation, more than 28% of the bridges on the federal system are either "structurally deficient" or "functionally obsolete." More than 40% of the pavement on the federal system is in either "poor" or "fair" condition. Here in Nevada, a recent study shows that 30% of Nevada's state maintained highways need resurfacing or reconstruction. Most other state maintained roads need less extreme repairs. In addition, 161 bridges of Nevada's bridges over 20 feet in length need to be rehabilitated or replaced.

We pay for deteriorating roads in a number of ways. Driving safety is greatly reduced on substandard roads. Slower response times for emergency vehicles have high costs in both human lives and property damage: the cost of each minute of delay in responding to structural fires is estimated to average $1,000. Precious time and fuel are wasted: the United States wastes 1.25 billion hours and 1.38 billion gallons of gasoline a year due to congestion on limited access highways. (This 1.38 billion gallons of fuel is equivalent to about 40 days of pre-invasion U. S. oil imports from Iraq and Kuwait.) Trucking costs shoot up by more than 6 cents-per-mile when the condition of a highway drops from "good" to "fair." Studies show that bad roads increase the cost of driving in the United States by almost $20 billion a year --- $121.07 for each licensed driver.

1991 will be a critical year in the history of the federal funding of transportation. With the Interstate System almost complete, it is time for a re-examination of federal transportation priorities. The current federal highway program will soon expire, and there are indications that the Administration plans to propose a reduced federal commitment to transportation. In fact, over the past few years we have already witnessed a decline in the federal commitment to highways. As this chart shows [**A GROWING GAP**], while annual vehicle miles and vehicle registrations in Nevada have increased steadily, federal funding of transportation has been reduced. While funding has been increased for Fiscal Year 1991, it will still be far below the level of 1985 or 1986. The next chart [**DECLINING FEDERAL COMMITMENT**] shows the reduced percentage of the federal contribution to Nevada highway projects over the past few years, an issue I am certain Garth Dull will address in his testimony later.

The Interstate system stands as one of the finest government initiatives in history, and, by all accounts, is hugely successful. We must act, however, to preserve our investment. The 35 years and over 133 billion dollars invested in the Interstates will be lost if we do not spend adequate funds on their maintenance. Anyone who has traveled east from here on I-80 knows that our Interstates are beginning to fall apart. The great federal commitment to the Interstate system needs to be extended to their maintenance and repair -- this should be the first priority of a new national highway policy.

The upcoming debate over the highway reauthorization will be a dangerous one for the Western states. During this year's budget debate, attempts were made to shift future highway funding to the more populous states.

I anticipate two great dangers in the upcoming debate over highway funding formulas.

First, an effort will clearly be mounted to link each state's share of federal highway spending with its contributions to the Highway Trust Fund. Currently, there exist both "donor" states, states which contribute more to the Trust Fund than they receive back from the Federal Highway Administration, and "donee" states, states which receive more back from the Federal Highway Administration than they contribute to the Trust Fund. Historically, Nevada has always been a "donee" state. Currently, Nevada receives back about $1.37 for every $1.00 we contribute to the Trust Fund. At first glance this may seem inequitable; in fact it reflects the fundamental premise of a national transportation program: that a uniform national system of roads and highways is in the interests of all Americans. While each state is charged with administering the maintenance of the federal aid highways within its borders, these roads are being maintained as part of the national transportation system. Thus, any comparison between states' rate of return from Trust Fund contributions is purely artificial.

Quite simply, states like Nevada do not have the resources necessary to maintain all of their roads and highways within their borders. Throughout the country, state gas taxes have increased rapidly --- the average state gas tax has increased 84% in the past decade. In Nevada, we pay one of the highest gas taxes in the nation. Nevertheless, Nevadans have proved willing to pay higher gas taxes in order to maintain our state and local roads. A decline in Nevada's share of federal highway dollars will prove disastrous to both the state and national highway system.

My second major concern with the reauthorization of the highway program involves the federal/state matching ratio. Currently, the federal share for most projects on the federal aid system in Nevada is 95%. The state must pay the balance of the cost of the project. The Administration is expected to propose lowering the federal share for these projects, forcing the states to pay a greater share. The stated purpose of this change is to use federal dollars to leverage more state and local dollars. The logic of this argument fails on a number of grounds. I think it is clear to everyone testifying here today that states do not need federal coercion to make the maximum transportation funding effort. Over the last decade, state funding of transportation improvements have risen at a much faster rate than federal spending. The motivation for state and local spending on transportation is not the matching requirement for federal funds; rather, the crumbling roads, falling bridges, and inadequate highways that threaten the life and livelihood of their citizens force state and local government to spend more on transportation.

Furthermore, any increase in the state and local share of federal aid highway projects will place a severe strain on the ability to care for roads that are not on the federal aid system. Any increase in the matching funds required for maintenance of the federal aid system would necessarily draw funds away from the nearly 90% of the approximately 50 thousand miles of roads in Nevada that are not part of the federal aid system.

One negative change in United States transportation policy was included in the budget reconciliation bill recently passed by Congress: the abandonment of the user fee principle for gas taxes. The budget reconciliation bill explicitly allows one-half of the 5 cent increase in the gas tax to be used for deficit reduction. Traditionally, all proceeds of the gas tax were credited to the Highway Trust Fund.

In reality, this change is only a public acknowledgment of a long-standing public deceit: for years Congress and the Administration have been using Highway Trust Fund revenues to hide the true size of the federal deficit. More than $16 billion in highway user fees is currently held hostage to the budget deficit --- $10 billion in the highway account and $6 billion in the mass transit account. The mechanism by which these funds are withheld is the annual obligation limitation, which restricts the amount of allocated funds each state is allowed to spend. The final chart [**STATE OF NEVADA HIGHWAY AUTHORIZATIONS AND OBLIGATION LIMITATIONS**] shows the situation in Nevada. The top line shows the amount of funds allocated to Nevada under the highway program. This is Nevada's share of the revenues collected by the federal gas tax. The bottom line, however, shows the amount Nevada was allowed to spend on improvements to the federal aid highway system within its borders. The difference, shown by the shaded area between the two lines, shows Nevada's contribution to the highway trust fund surplus. By refusing to allow states to make commitments to spend a portion of their highway allocation, the federal government has, as a matter of course, used highway funds to reduce the deficit.

Unless substantial changes are made, I do not anticipate that the situation will improve under the new budget process. As part of the Fiscal Year 1991 Appropriations Bill, Congress did approve a substantial increase in highway spending; Nevada will be given authority to spend $14 million more on highways this year than last year. I commend Senator Reid for his fine efforts on the Senate Appropriations Committee to secure this funding increase. Nevertheless, the discretionary spending caps enacted by the new budget process will prohibit further increases in highway spending in the years ahead, and the portion of the new gas tax credited to the Highway Trust Fund will result in an even greater surplus. The end result is a "Catch 22" typical of the distorted world inside the Capitol Beltway: the federal government will, on the one hand, collect gas taxes to pay for infrastructure improvements, while, on the other hand, it will deny states the authority to spend the new funds.

Last year, I introduced legislation, cosponsored by Senator Reid, which would have eliminated the obligation limitation, and allowed all highway user fees to be spent for their intended purpose, the construction and improvement of our nation's highway and mass transit systems. While my legislation was never acted upon, the status of government trust funds, including the Highway Trust Fund, was a subject of considerable discussion during the 101st Congress, and I am hopeful that the transportation reauthorization bill will provide an opportunity to restore some honesty to the transportation trust funds.

Mr. Chairman, the highway reauthorization provides both opportunities and dangers. I appreciate your leadership on this issue, and look forward to working with you to develop a highway reauthorization which will be beneficial to both Nevada and the nation.

Statement of

GARTH F. DULL
DIRECTOR
NEVADA DEPARTMENT OF TRANSPORTATION

Before the

Subcommittee on Water Resources, Transportation, and Infrastructure

of the

Committee on Environment and Public Works

U.S. Senate

December 10, 1990

GOOD MORNING; MY NAME IS GARTH DULL. I AM THE DIRECTOR OF THE NEVADA DEPARTMENT OF TRANSPORTATION. I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO PRESENT OUR VIEWS ON FEDERAL-AID HIGHWAY PROGRAM FINANCING AND POLICY ISSUES.

SEVERAL YEARS AGO, THE ISSUES YOU ARE ADDRESSING THROUGH THIS HEARING MIGHT HAVE BEEN OF INTEREST ONLY INSIDE THE BELTWAY AND IN THE COMMUNITY OF EXPERTS, INCLUDING STATE TRANSPORTATION DIRECTORS. TODAY, THERE IS A WIDESPREAD AWARENESS IN THE GENERAL POPULATION THAT,: (1) THE NATION'S HIGHWAY SYSTEM IS CRITICAL TO THE NATION'S ECONOMIC AND SOCIAL WELL-BEING; (2) THAT THE HIGHWAY SYSTEM IS HEAVILY OVERLOADED AND DETERIORATING RAPIDLY; (3) THAT MORE SPENDING IS NEEDED TO GUARANTEE A SATISFACTORY HIGHWAY SYSTEM; AND (4) THAT GAS TAXES CURRENTLY BEING COLLECTED BY THE FEDERAL GOVERNMENT FOR HIGHWAY FINANCING ARE NOT BEING SPENT.

EARLIER THIS YEAR WHEN NEVADA'S SENIOR SENATOR HARRY REID CONVENED A TRANSPORTATION SUMMIT IN LAS VEGAS FOR SOUTHERN NEVADA'S GOVERNMENT, BUSINESS AND CIVIC LEADERS, IT WAS STANDING ROOM ONLY. MEDIA COVERAGE WAS PROMINENT, POSITIVE AND DETAILED.

WHEN NEVADA SENATOR RICHARD BRYAN INTRODUCED HIS BILL (S. 2013) TO SPEND DOWN THE HIGHWAY TRUST FUND SURPLUS, SUPPORTIVE EDITORIALS APPEARED IN THE STATE'S MAJOR NEWSPAPERS AND NEVADANS WHO HAD NOT HEARD OF THE HIGHWAY TRUST FUND A YEAR AGO APPLAUDED HIS INITIATIVE.

TODAY, I WOULD LIKE TO SPEAK TO BOTH NEAR-TERM AND LONGER-TERM ISSUES RELATED TO THE FEDERAL HIGHWAY PROGRAM. IN THE NEAR TERM IT IS ESSENTIAL THAT WE USE THE RESOURCES THAT ARE IN HAND TO MEET OUR HIGHWAY NEEDS. FOR THE LONGER-TERM, IT IS IMPORTANT THAT WE BUILD ON A HIGHWAY PROGRAM THAT HAS BEEN PHENOMENALLY SUCCESSFUL, AND NOT DISCARD IT FOR ALTERNATIVES THAT COULD JEOPARDIZE THE INTEGRITY OF THE NATION'S SURFACE TRANSPORTATION SYSTEM.

HIGHWAY TRUST FUND

THE FIRST ORDER OF BUSINESS SHOULD BE TO SPEND THAT MONEY THAT IS COLLECTED FOR HIGHWAYS. IRONICALLY, WHILE THE NATION'S HIGHWAYS DETERIORATE AT AN INCREASING RATE, THE HIGHWAY TRUST FUND BALANCE IS ALSO INCREASING. THE TRUST FUND HAS ACCUMULATED

AN EXCESSIVE CASH BALANCE. DESPITE UNIVERSAL AGREEMENT THAT URGENT HIGHWAY FINANCING NEEDS ARE UNMET; AND, DESPITE EVERYONE REALIZING THAT, THIS BUDGET GIMMICKRY DOES NOT REALLY MAKE THE FEDERAL BUDGET DEFICIT SMALLER, WE ARE STILL FACED WITH THIS BUDGET GAME. TAXES COLLECTED FROM HIGHWAY USERS FOR THE SUPPORT OF TRANSPORTATION PROGRAMS SHOULD BE USED TO SUPPORT TRANSPORTATION AND SHOULD NOT BE USED TO DISGUISE THE ENORMITY OF THE FEDERAL BUDGET DEFICIT.

THE MOST RECENT DATA AVAILABLE SHOWS NEVADA HAVING THE HIGHEST MOTOR FUEL TAXES PER 1,000 MILES DRIVEN (OVER $24). CLEARLY, NEVADANS ARE DOING THEIR FAIR SHARE, BUT THE FEDERAL GOVERNMENT IS NOT KEEPING ITS PART OF THE BARGAIN.

THE CURRENT BALANCE IN THE HIGHWAY TRUST FUND ACCOUNT IS AROUND TEN BILLION DOLLARS AND ON THE CURRENT POLICY TRACK WILL CONTINUE TO UNDERGO SUBSTANTIAL GROWTH. IN A RECENT GAO REPORT, THE FEDERAL HIGHWAY ADMINISTRATION ACKNOWLEDGED THAT, ". . . THE HIGHWAY TRUST ACCOUNT CAN SUPPORT A HIGHER PROGRAM LEVEL . . . ". IT IS GENERALLY AGREED THAT THE HIGHWAY TRUST FUND COULD PRUDENTLY SUPPORT AN ANNUAL PROGRAM OF AT LEAST $20 BILLION FOR EACH OF THE NEXT FOUR YEARS WITHOUT GOING IN THE RED.

TO REMEDY THIS UNACCEPTABLE SITUATION, I STRONGLY SUPPORT INCREASED EXPENDITURES FROM THE HIGHWAY TRUST FUND OF LANDS ALREADY APPORTIONED AND IN THE FUTURE, USER FEES COLLECTED FOR HIGHWAY FINANCING SHOULD BE SPENT ON HIGHWAY FINANCING IN THE YEAR THEY ARE COLLECTED.

THE INCREASED EXPENDITURES SHOULD INCLUDE THE RECENTLY IMPOSED 5¢ PER GALLON GAS TAX INCREASE. WHILE ONLY 2½¢ IS CURRENTLY BEING DEPOSITED TO THE HIGHWAY TRUST FUND, I FEEL THE OTHER 2½¢ DIVERTED TO THE GENERAL FUND FOR DEFICIT REDUCTION SHOULD BE RETURNED TO THE HIGHWAY TRUST FUND.

GOING FURTHER, I THINK THAT THE FEDERAL HIGHWAY TRUST FUND SHOULD BE MADE PERMANENT, REMOVED FROM THE UNIFIED BUDGET PROCESS, AND RELEASED FROM OBLIGATION LIMITATIONS. A SMALL CASH BALANCE IN THE FUND IS PRUDENT TO ENSURE THAT THERE IS SUFFICIENT MONEY TO REIMBURSE THE STATES. IN FACT, FEDERAL LAW REQUIRES THAT FEDERAL TRUST FUNDS NEVER OBLIGATE MORE MONEY TO THE STATES THAN IS EXPECTED IN REVENUES. BUT, THE CURRENT BALANCE IN THE HIGHWAY TRUST FUND FAR EXCEEDS THE FEDERALLY-MANDATED MINIMUM.

REMOVING THE TRUST FUND FROM THE UNIFIED BUDGET PROCESS WOULD ELIMINATE THE DECEPTION OF BUDGET DEFICIT REDUCTION AND INCREASE FUNDING FOR THE NATION'S CRITICAL TRANSPORTATION NEEDS. IN ADDITION, EXEMPTIONS FOR ALTERNATIVE FUELS SHOULD BE ELIMINATED. THE FREE MARKET SHOULD DICTATE FUEL USAGE DECISIONS AND NOT ARTIFICIALLY IMPOSED PRICE CONTROLS.

FEDERAL HIGHWAY SYSTEM

LOOKING TO THE LONGER TERM, THE FEDERAL HIGHWAY PROGRAM IS UP FOR REAUTHORIZATION NEXT YEAR AND A NUMBER OF PROPOSALS HAVE BEEN ADVANCED THAT WOULD RESULT IN MAJOR CHANGES. MY STARTING POINT IS THE OBSERVATION THAT IT IS HARD TO FIND A PROGRAM THAT HAS BETTER SERVED THE NATION THAN THE HIGHWAY PROGRAM. THAT LEADS ME TO THINK THAT CHANGES SHOULD NOT BE MADE WITHOUT VERY SERIOUS CONSIDERATION OF THEIR CONSEQUENCES AND, THAT UPPERMOST AMONG THE STANDARDS THAT SHOULD BE USED IN ASSESSING PROPOSED CHANGES, SHOULD BE THE QUESTION, "HOW WELL WILL THE NATION BE SERVED?". FUNDING AND MANAGING THE NATION'S HIGHWAY SYSTEM INVOLVES MATTERS THAT AFFECT INDIVIDUAL STATES AND LOCALITIES IN DIFFERENT WAYS, BUT ALL ARE BEST SERVED BY A SYSTEM THAT MEETS THE NEEDS OF THE NATION AS A WHOLE.

THE FEDERAL HIGHWAY SYSTEM HAS EVOLVED OVER A PERIOD OF MORE THAN 70 YEARS. IN ITS PRESENT FORM, THE SYSTEM CARRIES THE LION'S SHARE OF THE NATION'S PASSENGER AND FREIGHT TRAFFIC. IT HAS SUCCEEDED BECAUSE IT HAS CARRIED THROUGH ON THE PROMISE OF A HIGHWAY SYSTEM WHICH CAN PROVIDE FOR THE MOVEMENT OF PEOPLE AND GOODS FROM FARM OR FACTORY TO MARKET AND FROM STATE TO STATE THROUGHOUT THE ENTIRE NATION.

PROPOSALS DEVELOPED BY THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS AND THE U.S. DEPARTMENT OF TRANSPORTATION WOULD ELIMINATE FROM THE FEDERAL-AID PROGRAM, THE SECONDARY AND URBAN SYSTEMS CATEGORIES AND A PORTION OF THE PRIMARY SYSTEM CATEGORY. NO LONGER WOULD FEDERAL FUNDS BE SPECIFICALLY PROVIDED TO ADDRESS EACH OF THE SYSTEMS.

THE FEDERAL HIGHWAY ADMINISTRATION PROPOSAL CALLS FOR A HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE WHICH WOULD CONSIST OF THE INTERSTATE SYSTEM AND A PORTION OF THE CURRENT PRIMARY SYSTEM. THE REMAINDER OF THE PRIMARY, SECONDARY AND URBAN SYSTEMS WOULD BASICALLY BE PART OF A "BLOCK GRANT" OR "TURN BACK" PROGRAM. THIS APPROACH WILL NOT MEET THE NEEDS OF MANY WESTERN STATES WITH VAST GEOGRAPHICAL AREAS, SMALL POPULATIONS

AND LESS DENSE USAGE CHARACTERISTICS. IN NEVADA, OUR CURRENT 5,400 MILE FEDERAL AID SYSTEM WOULD BE SPLIT WITH ONLY 1,200 MILES IN THE SYSTEM OF NATIONAL SIGNIFICANCE (UNDER THE MOST OPTIMISTIC PROPOSAL) AND THE REMAINING 4,200 MILES LUMPED WITH NEVADA'S ADDITIONAL 45,000 MILES OF ROADS IN THE TURN BACK PROGRAM. A FORMULA WOULD PROVIDE FOR SOME REDISTRIBUTION OF FUNDS FOR THE HIGHWAYS OF NATIONAL SIGNIFICANCE AND THE REMAINDER BE RETURNED ON A DOLLAR-FOR-DOLLAR BASIS. I WILL SPEAK TO THE FUNDING ISSUES IN MORE DETAIL LATER.

THE STATE OF NEVADA BELIEVES THAT THE FEDERAL GOVERNMENT HAS A CONTINUING RESPONSIBILITY FOR THE INTERSTATE, PRIMARY, SECONDARY AND URBAN SYSTEMS AS THEY CURRENTLY EXIST. THESE SYSTEMS ARE NECESSARY TO MEET NATIONAL DEFENSE NEEDS AS WELL AS TO PROVIDE FOR THE MOVEMENT OF MATERIALS, PRODUCTS AND PEOPLE THAT SUPPORT OUR ECONOMY AND CONTRIBUTE TO THE STANDARD OF LIVING THAT AMERICANS WANT TO MAINTAIN. MANY OF NEVADA'S FEDERAL-AID SECONDARY SYSTEM ROADS FUNCTION AS PRIMARY ROUTES FOR INTERSTATE AND DEFENSE TRAFFIC. THE FEDERAL GOVERNMENT CANNOT DIVORCE ITSELF FROM THESE RESPONSIBILITIES AND MOST STATES CANNOT AFFORD THE TOTAL COSTS OF CONSTRUCTING AND PRESERVING THESE NATIONALLY IMPORTANT SYSTEMS.

STANDARDS

AN IMPORTANT CONSIDERATION IN CONNECTION WITH PROPOSALS TO DIVIDE THE NATION'S CURRENT FEDERAL-AID HIGHWAY SYSTEM INTO TWO CATEGORIES IS THE APPLICABILITY OF STANDARDS, SPECIFICATIONS, POLICIES AND CRITERIA FOR DESIGN, CONSTRUCTION AND MAINTENANCE. THE PROPOSALS ON THE TABLE WOULD MAINTAIN UNIFORM STANDARDS ONLY FOR HIGHWAYS CLASSIFIED AS NATIONALLY SIGNIFICANT. STATES WOULD NOT BE REQUIRED TO DESIGN OR CONSTRUCT OTHER HIGHWAYS CONSISTENTLY. EXPERIENCE TELLS US THAT THIS IS UNWORKABLE.

CONSISTENCY IS VITAL TO THE CONTINUITY OF THE NATIONAL TRANSPORTATION SYSTEM. IT GOES WELL BEYOND MATTERS OF APPEARANCE. CONSISTENCY CONTRIBUTES TO EFFICIENCY AND MOST IMPORTANTLY, TO SAFETY. WITHOUT NATIONAL STANDARDS AND POLICIES, THE PROGRESS WE HAVE MADE IN REDUCED ACCIDENT AND FATALITY RATES WILL BE REVERSED. THE NEED FOR FLEXIBILITY TO MEET LOCAL SITUATIONS AND FOR COMMON SENSE TO PROPORTION COSTS TO BENEFITS CAN BE INCORPORATED INTO THE EXISTING PROGRAM WITHOUT WHOLLY ABDICATING A ROLE THAT IS THIS IMPORTANT.

FUNDING

PROPOSALS THAT HAVE BEEN MADE TO CHANGE THE CURRENT METHOD FOR ALLOCATING HIGHWAY USER FEES TO THE STATES TEND TO WORK TO THE DISADVANTAGE OF STATES SUCH AS NEVADA AND WOULD REDISTRIBUTE FUNDS IN FAVOR OF THE MORE POPULOUS STATES. NEVADA, LIKE MOST LARGE, SPARSELY POPULATED STATES, HAS FOUND IT DIFFICULT TO MAINTAIN AN ADEQUATE HIGHWAY SYSTEM UNDER THE PRESENT FUNDING ARRANGEMENT, DESPITE HAVING THE HIGHEST GAS TAXES IN THE NATION. INSOFAR AS NEVADA WILL BE UNABLE TO MAINTAIN ITS HIGHWAYS, NEVADANS WILL SUFFER, BUT SO WILL THE NATION BECAUSE NEVADA IS AN IMPORTANT "BRIDGE STATE" WITHIN THE NATIONAL SYSTEM. THE FEDERAL GOVERNMENT OWNS 87 PERCENT OF NEVADA AND IT DOES NOT NOW PAY TAXES SO THAT ROADS CAN BE BUILT TO SERVE THE STATE AND NATION AS A WHOLE. IF NEVADA DOES NOT HAVE ENOUGH MILES ON THE SYSTEM OF NATIONAL SIGNIFICANCE TO MEET THESE NATIONAL NEEDS, IT DOES NOT HAVE ANYONE TO TURN TO FOR FUNDING EXCEPT THE FEDERAL GOVERNMENT.

ONE PROPOSAL WOULD ASSIGN 60 PERCENT OF THE AVAILABLE FUNDS TO THE HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE (THE INTERSTATE AND PORTIONS OF THE PRIMARY SYSTEM). EACH STATE WOULD BE GUARANTEED TO RECEIVE 90 PERCENT OF THE USER FEES COLLECTED WITHIN ITS BORDERS. PRESENT LAW GUARANTEES EACH STATE AN 85 PERCENT RETURN OF USER FEES. THAT WAS INCREASED FROM 80 PERCENT IN 1982. THE REMAINING 40 PERCENT OF THE MONEY WOULD BE TURNED BACK TO THE STATES ON A DOLLAR-FOR-DOLLAR BASIS FOR USE IN CONNECTION WITH ANY PUBLIC ROAD.

UNDER PRESENT LAW, FEDERAL FUNDS MUST BE APPLIED TO 5,400 MILES OF THE FEDERAL-AID SYSTEM IN NEVADA. THIS SYSTEM CARRIES OVER 72 PERCENT OF THE VEHICLE MILES TRAVELED IN THE STATE AND OVER 90 PERCENT OF THE HEAVY TRUCK TRAFFIC. IF THE "TURN BACK" PROPOSAL IS ADOPTED, 40 PERCENT OF THE FEDERAL FUNDING TOTAL WOULD BE AVAILABLE FOR ALL OF THE STATE'S 50,000 MILES OF ROADS. THIS WOULD SEVERELY AFFECT THE STATE'S ABILITY TO ADDRESS THE HIGHER VOLUME ROADS AND THE ROADS OF STATEWIDE AND NATIONAL SIGNIFICANCE. ADDITIONALLY, THE ABSENCE OF CATEGORICAL FUNDING COULD CONCEIVABLY DESTROY THE BALANCE THAT HAS BEEN DEVELOPED BETWEEN URBAN AND RURAL AREAS.

THERE ARE LEGITIMATE CONCERNS ABOUT INFLEXIBILITY IN THE EXISTING CATEGORIES, BUT THESE PROBLEMS COULD BE REMEDIED BY CHANGES IN THE TRANSFER PROVISIONS OF THE CURRENT LAW, WITHOUT INCURRING THE KNOWN AND UNKNOWN UNDESIRABLE CONSEQUENCES OF A TOTAL CHANGE IN PROGRAM STRUCTURE.

THE FEDERAL DEPARTMENT OF TRANSPORTATION IS CONSIDERING FEDERAL PARTICIPATION RATES THAT SIGNIFICANTLY INCREASE STATE MATCHING REQUIREMENTS. THIS PROPOSAL HAS THE SUPERFICIAL APPEAL OF SUGGESTING THAT MORE STATE AND LOCAL FUNDS WILL BE "LEVERAGED". IN PRACTICE, THAT WILL NOT HAPPEN. STATES AND LOCALITIES ALREADY CARRY 80 PERCENT OF THE NATION'S HIGHWAY FINANCING BURDEN. IN STATES SUCH AS NEVADA, THE GAS TAX IS HIGH AND GOING HIGHER TO MEET THE REAL NEED, NOT TO CHASE FEDERAL FUNDS. IT IS POSSIBLE THAT SOME SMALL STATES MIGHT NOT BE ABLE TO MEET SIGNIFICANTLY HIGHER MATCHING REQUIREMENTS. IT IS MORE LIKELY, HOWEVER, THAT BECAUSE THE NEED IS SO GREAT, STATES WILL BE FORCED TO MATCH FEDERAL FUNDS AND IN THE PROCESS DIVERT STATE GENERATED FUNDS FROM PRESERVATION OF THE EXISTING SYSTEMS. ULTIMATELY, THE RESULT WOULD BE A NEED FOR MORE FUNDS FOR RECONSTRUCTION.

THE FEDERAL DEPARTMENT OF TRANSPORTATION IS ALSO CONSIDERING PROPOSALS THAT WOULD CHARGE INTEREST FOR THE USE OF ADVANCED RIGHT OF WAY FUNDS WITH THE RATE TIED TO THE AMOUNT EARNED ON U.S. TREASURY NOTES. THIS PROPOSAL, IF ENACTED, WOULD ELIMINATE ANY ADVANTAGE OF USING THE ADVANCED RIGHT OF WAY FUNDS. IF ENACTED, IT WOULD THEN BE CHEAPER FOR STATES TO BOND FOR ADVANCED RIGHT OF WAY ACQUISITIONS IN THAT THE INTEREST RATE WOULD BE LESS. THIS IS ANOTHER COUNTERPRODUCTIVE PROPOSAL THAT WOULD RESULT IN PROJECT DELAYS AND HIGHER COSTS BY CHANGING A PROGRAM AREA THAT HAS WORKED WELL AND ONLY NEEDS TO BE USED MORE BY INCREASING THE FUNDS AVAILABLE FOR LENDING.

AS I REMARKED EARLIER, NEVADA IS AN IMPORTANT BRIDGE STATE IN THE NATIONAL HIGHWAY SYSTEM. MUCH OF THE TRAFFIC ON NEVADA'S HIGHWAYS IS DESTINED FOR CALIFORNIA OR HEADED FOR POINTS EAST. NEVADA ALSO HAS A RELATIVELY SMALL POPULATION; A LARGE AREA AND A SMALL, PRIVATE PROPERTY TAX BASE BECAUSE 87% OF THE STATE'S LAND IS OWNED BY THE FEDERAL GOVERNMENT. SINCE THE FEDERAL HIGHWAY SYSTEM CAME INTO EFFECT, NEVADA HAS RECEIVED OVER TWO DOLLARS FOR EVERY DOLLAR PAID IN USER FEES. NEVADA CURRENTLY RECEIVES APPROXIMATELY ONE DOLLAR AND THIRTY-SEVEN CENTS FOR EVERY DOLLAR CONTRIBUTED.

IT IS EASY TO SEE WHY OTHER MORE POPULOUS STATES WOULD SUPPORT PROPOSALS THAT WOULD INCREASE THEIR SHARE OF THE FEDERAL HIGHWAY PROGRAMS AND REDUCE NEVADA'S. EVERY STATE COULD PUT ADDITIONAL HIGHWAY FUNDS TO GOOD USE. HOWEVER, IF WE ARE TO MAINTAIN A FIRST-RATE NATIONAL SYSTEM OF HIGHWAYS, THE ROLE OF THE BRIDGE STATES MUST BE RECOGNIZED. IT IS APPROPRIATE THAT STATES BENEFITTING FROM THIS BRIDGE FUNCTION SHOULD CONTRIBUTE TO IT. IT IS ALSO IMPORTANT THAT THE NEED FOR SOME REDISTRIBUTION THROUGH THE PROGRAM BE RECOGNIZED IN CASES WHERE A STATE'S USER FEES ARE ALREADY HIGH AND REASONABLE INCREASES WILL NOT GENERATE ENOUGH FUNDS TO MEET ITS BASIC HIGHWAY FINANCING NEEDS. THE REAL PROBLEM HERE IS THAT THE FEDERAL TRUST FUND IS NOT SPENDING THE MONIES COLLECTED FOR HIGHWAYS AND THE WHOLE PROGRAM HAS BEEN SHORTED BY THESE RETAINED REVENUES.

TAX COMPLIANCE AND EVASION

I WILL TURN NOW TO ONE OF THE SPECIFIC ISSUES OF INTEREST TO THE COMMITTEE: TAX COMPLIANCE AND EVASION.

THERE IS NO DOUBT THAT SIGNIFICANT FEDERAL HIGHWAY FUND REVENUES CURRENTLY ARE LOST BECAUSE OF LESS THAN COMPLETE COMPLIANCE OR OUTRIGHT EVASION. AT PRESENT, THE INTERNAL REVENUE SERVICE HAS NEITHER THE FUNDS NOR SUFFICIENT AUTHORIZED PERSONNEL TO MONITOR OR AUDIT HIGHWAY TAX PAYMENTS. THERE ARE MORE THAN 20,000 REMITTERS OF DIESEL TAXES, AND ALTHOUGH MOVING THE POINT OF GAS TAX COLLECTIONS FROM DISTRIBUTORS TO TERMINALS WAS SUPPOSED TO REDUCE THE NUMBER OF GAS TAX REMITTERS FROM 8,700 TO 900; IN FACT THE NUMBER IS NOW ABOUT 2,000 AND INCREASING. IT ALSO APPEARS THAT ORGANIZED CRIME IS NOW INVOLVED IN BUYING TERMINALS.

THERE IS NO CENTRAL COMPUTERIZED REPORTING SYSTEM BY WHICH THE I.R.S. CAN AUDIT THE BILLIONS OF GALLONS OF FUEL FLOWING THROUGH HUNDREDS OF TERMINALS AND DIESEL DISTRIBUTORS. NOR IS THERE A SYSTEM FOR VERIFYING THAT GASOLINE PURCHASED BY SPLASH BLENDERS AT THE REDUCED RATE IS ACTUALLY BLENDED TO PRODUCE GASOHOL. NOR CAN THE RECORDS OF THE INDIVIDUAL STATES BE COMPARED ACCURATELY WITH FEDERAL RECORDS.

TO HELP RESOLVE THE TAX COMPLIANCE AND EVASION PROBLEM, I STRONGLY SUPPORT THE FOLLOWING RECOMMENDATIONS:

1. CREATE AN EXPERT WORKING GROUP TO WORK WITH CONGRESS IN IDENTIFYING LOOPHOLES AND SUGGESTING REMEDIES. THIS GROUP MIGHT CONSIST OF REPRESENTATIVES OF STATE TAX DEPARTMENTS, MAJOR REFINERS, OIL MARKETERS, INDEPENDENT TERMINAL OPERATORS, FHWA, I.R.S. AND AASHTO.

2. AUTHORIZE THE FHWA TO EXECUTE A MEMORANDUM OF AGREEMENT WITH THE I.R.S. TO ESTABLISH A SPECIAL UNIT WITHIN THE I.R.S. TO FOCUS SOLELY ON THE COLLECTION OF HIGHWAY TAXES.

3. FINANCE THE I.R.S. UNIT WITH ANNUAL FEDERAL HIGHWAY APPORTIONMENTS, PERHAPS ONE-TENTH OF A PERCENT.

4. INSTRUCT THE WORKING GROUP TO EXAMINE THE MERITS, COST AND PRACTICALITY OF INSTITUTING A CENTRAL, COMPUTERIZED FEDERAL FILE REPORTING SYSTEM. THIS WOULD NOT ONLY BE OF VALUE TO THE I.R.S., BUT PERHAPS TO THE STATES AS WELL.

5. THROUGH THE WORKING GROUP, SEEK WAYS TO ENSURE CLOSER COOPERATION BETWEEN FEDERAL AND STATE

COLLECTION AUTHORITIES, PERHAPS TO THE POINT WHERE THE STATES COULD ACTUALLY COLLECT FEDERAL DIESEL TAXES, RETAINING A PERCENTAGE TO COVER THE ADMINISTRATIVE COSTS AND TO IMPROVE AUDIT PRACTICES.

CONCLUSION

AS I REMARKED EARLIER, I THINK THAT YOU WILL FIND VERY LITTLE DISAGREEMENT ON THE PROPOSITION THAT HIGHWAY USER FEES SHOULD BE SPENT ON HIGHWAYS AND NOT ALLOWED TO ACCUMULATE IN THE HIGHWAY TRUST FUND. ON OTHER ISSUES RELATING TO THE FUTURE STRUCTURE AND FUNDING OF THE FEDERAL HIGHWAY PROGRAM, YOU WILL FIND LESS AGREEMENT. IT WOULD BE A MISTAKE TO THINK THAT THE EARLY POLICY DEVELOPMENT EFFORTS CARRIED OUT BY AASHTO, THE U.S. DEPARTMENT OF TRANSPORTATION AND OTHERS, REPRESENT FINAL AND CONSENSUS POSITIONS THAT SHOULD BE ACCEPTED AS BLUEPRINTS FOR REAUTHORIZATION. ENOUGH DISAGREEMENT ON SPECIFIC ISSUES HAS BEEN EXPRESSED BY INDIVIDUAL STATES AND VARIOUS ORGANIZATIONS TO MAKE IT CLEAR THAT THOSE OUTSIDE THE CONGRESS ARE NOT IN FULL AGREEMENT AND THAT THOSE INSIDE THE CONGRESS WILL HAVE MUCH WORK TO DO.

IN MY VIEW, THE CONGRESS SHOULD TAKE PRIDE IN THE HIGHWAY PROGRAM IT HAS ESTABLISHED AND I STRONGLY URGE YOUR FULL SUPPORT FOR A FUTURE FEDERAL-AID PROGRAM WHICH WILL EMBRACE THE SAME BASIC SYSTEMS AND PROGRAMS. MANY IMPROVEMENTS CAN AND SHOULD BE MADE WHICH WILL INCREASE EFFICIENCY AND FLEXIBILITY WITHOUT SACRIFICING THE BASIC CONCEPTS THAT HAVE MADE THE CURRENT PROGRAM SO SUCCESSFUL.

ALONG WITH THE WRITTEN TEXT OF MY SPEECH, I AM SUBMITTING FOR THE RECORD, NEVADA'S PROPOSAL FOR REAUTHORIZATION OF THE FEDERAL HIGHWAY PROGRAM.

I TRUST THESE COMMENTS WILL BE OF USE TO THE COMMITTEE AND I AM PREPARED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE NOW OR IN THE FUTURE.

United States General Accounting Office

GAO Testimony

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TRANSPORTATION INFRASTRUCTURE

Flexibility in Federal-aid Funding Essential to Highway Program Restructuring

Statement of
Kenneth M. Mead
Director, Transportation Issues
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Water Resources, Transportation,
and Infrastructure
Committee on Environment and Public Works
United States Senate

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to testify on transportation issues of importance to the nation and Nevada. As you know, GAO is examining a number of issues for this subcommittee related to the federal-aid highway program reauthorization. The testimony today will draw upon our ongoing as well as completed work in this area.

The U.S. Department of Transportation estimates that about $29 billion will be needed annually by all units of government to maintain highways at 1985 levels and to meet bridge needs. As you noted at Nevada's transportation summit earlier this year, Nevada alone will need nearly a half a billion dollars annually to meet its transportation needs over the next ten years. This represents about $3 billion more than the $1.6 billion Nevada expects to have available.

It appears, however, that the nation's and Nevada's needs are not likely to be fully met for three reasons. First, federal funding formulas designed to achieve national goals are not always fully aligned with state highway and bridge needs. Second, recent budget agreements dim the prospects for additional federal assistance. Finally, the Administration is presently drafting a reauthorization proposal that would shift more of the financial responsibility for highway projects to the states.

Given future financial constraints, the congressional challenge will be to design a federal-aid highway program that strikes a balance between national investment priorities and individual state needs. The current highway program accommodates individual state needs, to a certain degree, by allowing all states to (1) transfer a portion of their total federal funds among the four highway systems (Interstate, primary, secondary, and urban systems), and (2) use their own funds in advance of federal reimbursements. In addition, a demonstration program in five states is testing how states might benefit from increased funding flexibility through pooling funds from their secondary and urban highway systems and bridge program. Our work suggests that any future highway program, at a minimum, should retain these flexibilities to allow states to continue to meet their highway and bridge needs. Further, federal attention must look beyond single mode boundaries to address the escalating traffic in the air and on our roads.

Our testimony today will (1) show how states have used existing federal-aid highway program flexibilities and other funding mechanisms to better meet their needs and (2) suggest options for restructuring the federal-aid highway program. Before discussing these topics, I will briefly comment on the status of the nation's and Nevada's highways.

DETERIORATION AND CONGESTION PLAGUE THE NATION'S HIGHWAYS

Serious deterioration confronts the nation's federal-aid highway system and bridge network. To illustrate, the Interstate system represents only 1 percent of all roads but carries over 20 percent of vehicle traffic. In 1988, the Department of Transportation (DOT) estimated that over 40 percent of the Interstate system was in fair or poor condition. Appendix I provides an illustration of poor pavement.

Increasing congestion is compounding the problems caused by deterioration on the nation's roadways. In 1989, about 53 percent of urban Interstate travel occurred under congested conditions. Travel on Nevada's urban Interstate's was under congested conditions 46 percent of the time in 1989. Congestion's growing severity is also illustrated by vehicle miles traveled. Nationwide, vehicle miles traveled increased approximately 38 percent between 1980 and 1989. Appendix II shows that Nevada's vehicle miles traveled increased more than 50 percent over this period--from just over 6 million miles to 9.4 million miles.

DOT anticipates that states will increasingly rely on the Interstate resurfacing, restoration, rehabilitation, and reconstruction (I-4R) program to address congestion relief through lane widening.[1] In fiscal year 1989, states used over 13 percent of I-4R funds for lane widening. DOT projects, based on state provided information, that about 50 percent of I-4R funds will be used for lane widening through the year 2005.

DOT's draft reauthorization proposal emphasizes federal funding for interstate preservation. However, it also recognizes the need for increased federal assistance in relieving congestion. DOT would require states to develop congestion management systems and would provide financial assistance for such operational improvements as preferential treatment of high occupancy vehicles on certain highway systems. This aspect of DOT's proposal may be a step in the right direction in developing an effective approach for mitigating congestion. However, DOT should ensure that its congestion relief strategy is coordinated on the federal and state levels and provides for an evaluation of program results.

Now I would like to turn to the matter of how states use federal funding mechanisms to better meet their needs.

FEDERAL FUNDING LEVELS NOT FULLY ALIGNED WITH STATE NEEDS

While federal-aid highway program funding levels must be aligned to address national priorities, they are not always in full accord with state needs. States have different transportation problems and the magnitude of any particular problem varies among and within states. The challenge to the existing highway program is to provide enough flexibility so that individual states can meet their high priority needs while also addressing national priorities.

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[1] Under the I-4R program, reconstruction can include lane widening among other activities.

The current federal-aid highway program accommodates individual state needs to a certain degree by allowing states to (1) transfer funds among programs for the four highway systems, and (2) use their own funds in advance of federal reimbursements.

States Are Transferring Funds Among Federal-Aid Highway Programs

Existing federal legislation permits states to transfer a percentage of their federal highway funds between specified programs for the four federal-aid highway systems. For instance, a state may transfer 20 percent of its Interstate preservation (I-4R) funds to the primary program.[2] A state may also transfer up to 50 percent of its federal urban funds to the primary system and vice-versa.

Thirty-five (35) states have transferred a total of over $800 million, representing about 2 percent of total highway program obligations, among programs during fiscal years 1988 through 1990. Nevada also transferred about $19 million, or about 8 percent of the $233 million the state obligated over this period. Most of Nevada's funds ($13.5 million) were transferred from the I-4R program to the primary program. Nevada state transportation officials told us that while substantial Interstate needs exist, even more pressing needs were on its primary roads. Appendix III shows highway funds transferred by Nevada during the last several fiscal years.

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[2] It should be noted that the 20 percent limitation on I-4R transfers to the primary program may be higher with Federal Highway Administration approval.

Although current transferability between highway programs helps states better align federal assistance with their high priority needs, flexibility may also be needed to allow states to find intermodal solutions to surface transportation problems. According to DOT, for the most part, federal highway funds may not currently be used for mass transit or other transportation modes. However, DOT's draft reauthorization proposal includes provisions that allow for such flexibilities. Nevada also believes states should be allowed to transfer highway funds to plan for high speed rail. As we have previously reported, we believe greater coordination and cooperation among the various transportation modes is needed to ensure the prudent investment of scarce transportation dollars and improve mobility.

States Are Using Their Own Funds To Maintain Program Continuity

Since the late 1970s, in an effort to control federal spending on the highway program, the Congress has annually imposed limitations--called obligation ceilings--on the amount of federal-aid highway funds made available to states. This means that even though the Congress authorizes federal-aid highway funds there is no guarantee that the total amount authorized will be available for states to use in any given year. Faced with these limitations, yet a desire to maintain continuity in their highway programs, states are permitted to use their own funds in advance of available federal reimbursements to begin or continue federal-aid highway projects. At the end of fiscal year 1990, 38 states had an advance construction balance of approximately $3.1 billion outstanding. States may convert advance construction projects to regular federal-aid funding and receive reimbursement in the next year, or in later years, as federal-aid funds become available.

Our work shows that many states are using advance construction to meet their important highway needs and maintain highway program continuity. For example, seven states we have contacted disclosed that they have used advance construction in this way.[3] As Appendix IV shows, Nevada has been active in advance constructing projects. In fact, as a percentage of total federal highway funds authorized annually to the state, Nevada's year-end advance construction balances are some of the highest in the nation.

As Appendix V shows, the unobligated balance of the Highway Trust Fund--funds not available to states to meet highway needs--has increased from $6.7 billion to $8.1 billion between 1987 and 1990. Obligation ceilings on the federal-aid highway program have contributed to increases in this balance. The Federal Highway Administration projects a drop in the unobligated balance to $6.2 billion by the end of fiscal year 1991 due to an increase in the obligation ceiling over fiscal year 1990.

We have previously reported that the federal-aid highway program could sustain a higher level of program activity of at least $3 billion.[4] However, the Omnibus Budget Reconciliation Act of 1990 and Budget Enforcement Act of 1990 make it unlikely that new revenues credited to the Highway Trust Fund, such as those generated from increases in the federal excise tax on gasoline, will be fully available in the immediate future. This is the case because the legislation imposes an annual spending cap on all federal domestic discretionary spending programs which includes the federal-aid highway program. The federal-aid highway program will have to compete with other domestic programs such as aviation and the Coast Guard for funds within these annual spending caps. In the current budget environment, the reality is that any drawdown of the Highway Trust Fund balance can only be accomplished at the expense of other federal programs.

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[3] California, Georgia, Maryland, Missouri, Nevada, Tennessee, and Virginia.

[4] Highway Trust Fund: Condition and Outlook for the Highway Account, (GAO/RCED-89-136, May 1989).

Pooling Allows For Better Targeting of Federal Funds

In 1987 Congress authorized a demonstration to test the feasibility of giving state officials greater responsibility in administering portions of the federal-aid highway program. The demonstration permits five states--California, Minnesota, New York, Rhode Island, and Texas--to pool money from the urban, secondary and bridge programs and use the funds on any one or a combination of the three programs. However, other federal-aid highway funds, such as the I-4R and primary programs, are not eligible for pooling.

We reported in June 1990 that three states participating in the demonstration program had taken advantage of the funding flexibility and targeted a substantial portion of their pooled funds towards needs within a single system.[5] The remaining two states, which began participating later than the others, also expect to realize benefits during the remainder of the demonstration. To maximize funding flexibility provided by the demonstration and to more closely approximate a block grant concept, we recommended that the Congress consider expanding the number of programs eligible for pooling.

The Administration is currently considering expanding the pooling concept by restructuring the existing highway program. Federal-aid would be focused on two basic tiers, or essentially two block grants--a national highway system and an urban/rural system.

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[5] Transportation Infrastructure: States Benefit From Block Grant Flexibility, (GAO/RCED-90-126, June 1990).

The national highway system would consolidate the Interstate and a portion of the primary highway program and allow funds to be used interchangeably between the programs. The balance of the primary program and most of the other highway programs would be consolidated into the urban/rural system.[6] The Administration's proposal does not delineate what criteria will be used to decide which primary roads will be included in the national highway and urban/rural highway systems. As discussed below, this decision will be critical in determining how much additional financial responsibility a state would have to assume.

A fundamental difference between the demonstration and the Administration's proposed program restructuring is that the demonstration did not change the federal share for projects undertaken. The Administration's proposal generally provides for a reduced federal share on most highway projects. This means that under the Administration's proposal state and local governments will have to assume up to about 15 percent more of the financial responsibility for most highway projects.

States such as Nevada that have relatively high excise taxes on gasoline, yet smaller populations, may face difficulties in assuming this responsibility. On the average, states finance the construction and maintenance of 78 percent of the nations highways. Nevada bears the cost for 88 percent of its road network, as shown in Appendix VI.

The majority of federal funds transferred in the last three fiscal years has been from the Interstate and secondary systems to the primary system. Because the primary road system accounts for nearly 30 percent of vehicle miles traveled, caution should be exercised in making significant reductions in the federal cost share on this and other systems that states have identified as being in need of additional resources.

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[6] There would also be a separate bridge program.

TOLL FINANCING MAY BE AN EFFECTIVE REVENUE SOURCE FOR FEDERAL-AID HIGHWAYS

Given a potential increase in state responsibility for federal-aid highways and insufficient federal funds, toll financing may be an effective alternative for raising highway funds. Existing federal law generally prohibits toll charges on roads built with federal-aid highway funds. However, the DOT reauthorization proposal offers states an opportunity to generate toll revenues and to use such revenues to help meet federal-aid highway needs. Under the proposal, states may improve or construct non-Interstate toll roads at a federal matching share of 35 percent. Increased reliance on toll revenue is consistent with the national transportation policy of allowing greater use of toll financing on federal-aid highways.

In response to a request from your subcommittee, we have evaluated the demonstration Toll Facilities Pilot Program authorized in the Surface Transportation and Uniform Relocation Assistance Act of 1987. Our forthcoming report finds that toll financing will provide participating states with additional revenue sources to construct roads and to maintain the roads once they are completed. Funding federal-aid highway maintenance with tolls is a significant development since states have traditionally financed maintenance without federal assistance.

We also found that by keeping the federal financial participation low--such as 35 percent of total funding--participating states had the incentive of selecting high traffic volume roads for tolls. This contributes to reduced congestion in other transportation corridors. Through the use of innovative techniques, such as automated vehicle identification equipment, congestion may also be reduced at toll collection plazas--a problem considered to be one of the major disadvantages of tolls.

CONCLUSIONS

While the federal-aid system must address national priorities such as preservation of the interstate, individual state needs must also be accommodated through program funding flexibilities. We have previously endorsed the benefits derived through federal funding flexibility such as through pooling of highway funds. In addition, burgeoning transportation problems such as traffic congestion require the federal government to be open to intermodal solutions.

The Administration, however, is proposing restructuring the entire federal-aid highway program into essentially two broad block grants that would be accompanied by a substantial reduction in the federal share for most federal-aid highway projects. Therefore, states' abilities to meet their highest priorities may be jeopardized in the future given a potentially significant and sudden reduction in federal support. Because of the additional financial responsibility that states will have to assume, caution should be exercised in reducing the cost share on those systems, such as the primary system, that states have identified as being in need of additional resources. Further, any efforts to expand the use of toll financing should consider setting the maximum federal share below that set for non-toll, federal-aid highway construction.

This concludes my testimony. I will be glad to answer any questions at this time.

Testimony before Sen. Harry Reid's Transportation Summit in Reno, Nevada

December 10, 1990

Mr. Chairman, my name is Keith Lee. I am a resident of Reno, Nevada. I appear before you as a member of the Reno/Tahoe Air Service Task Force, the Airport Authority's Master Plan Task Force, and as outside legal counsel to the Airport Authority of Washoe County.

The Airport Authority of Washoe County owns and operates Reno Cannon International Airport and the Reno/Stead Airport.

Reno Cannon International Airport provides air carrier transportation facilities and services to accommodate commercial, charter and general aviation aircraft. International customs facilities and services are provided as well as a modern, efficient air cargo facility. The Nevada National Guard's 152nd Tactical Reconnaissance Group is based at Reno Cannon International Airport. Reno/Stead Airport is a general aviation airport which annually hosts the Reno National Championship Air Races.

In 1989 the Airport Authority of Washoe County commissioned a study to determine the economic impact that the two Truckee Meadows airports have on the regional economy. In my prepared text I have included a chart that summarizes the economic impact in 1989 of the Reno Cannon International and Reno/Stead Airports. The bottom line of the airport's impact in 1989 on the regional economy is in excess of $1 Billion. That translates to more than $3 Million per day. The study also showed that an estimated 3,607 persons were employed in the region as a result of airport activity.

There is no denying the significant impact that the two regional airport operations have on the economy in the Truckee Meadows. Through the efforts of the Reno/Tahoe Air Service Task Force, the scheduled air service to the Truckee Meadows is among the best in the country for airports serving a population base the size of the Truckee Meadows. We are proud of the scheduled air service we have and are continually working in partnership with the business community, the hotel/resort community, the ski and recreational resort operators and others to obtain even better air service for Reno.

The Airport Authority is updating the Airport Master Plan. The Master Plan establishes a schedule of financial and construction priorities for the next 20 years, ensuring adequate facilities to meet the air transportation needs of the Truckee Meadows. Integrated with the Master Plan is a Noise Compatibility Study, conducted in accordance with Part 150 of the Federal Aviation Regulations. This Study is identifying present and forecasting anticipated noise contours. It will identify noise-sensitive areas and establish a program to abate or mitigate unacceptable noise exposures.

Our Master Plan has identified one area of immediate concern. There is only one instrument flight rated commercial runway serving the Truckee Meadows area. If that runway, 16 Right-34 Left, were ever to go down, because of an accident or because of a structural failure, then the Truckee Meadows area would be without commercial and charter air service, perhaps for only several hours or perhaps for several months. The next closest airport serving the Truckee Meadows area for commercial aircraft is Sacramento. Eighteen years ago when 16 Right-34 Left was resurfaced, commercial viation was diverted to the Reno/Stead facility. That is no longer a viable option. 16 Right-34 Left is quickly approaching its maximum life. Consequently, we are approaching the time when 16 Right-34 Left must be reconstructed. It is not as simple a procedure as it was 18 years ago. That process was essentially a resurfacing of the old runway. Our engineers tell us that the runway must be completely torn up and rebuilt. A simple resurfacing will not do. In order to avoid an interruption in the commercial and charter aviation service to the Truckee Meadows and still accomplish the rebuilding of the present runway, the parallel general aviation runway, 16 Left-34 Right, must be upgraded to accommodate, on a visual flight rule standard, all commercial aviation traffic. This is no small task. It is estimated that, with funding from the FAA's Airport Improvement Program and FAA discretionary funds, the cost of upgrading 16 Left-34 Right is $27 - $30 Million and will take approximately 5 years, from the commencement of studies and the obtaining of funding to completion. Then, and only then, can we begin reconstruction of the present commercial runway. It is estimated that in present dollars the reconstruction of the present runway will cost between $12-$15 Million.

To summarize, the Truckee Maeadows cannot afford a shutdown of Reno Cannon International Airport. The Truckee Meadows' economy cannot sustain, over time, the loss of $3 Million per day, nor will the residents of Truckee Meadows accept travelling to and from Sacramento to satisfy their commercial aviation requirements.

1989 ECONOMIC IMPACT
Reno Cannon International and Reno Stead Airports

	Direct		Induced		Total
VISITOR EXPENDITURES	$ 516,800,000	+	$ 357,500,000	=	$ 874,300,000
	+		+		+
PAYROLL	$ 44,000,000	+	$ 30,500,000	=	$ 74,500,000
	+		+		+
LOCAL EXPENDITURES	$ 48,100,000	+	$ 33,300,000	=	$ 81,400,000
	+		+		+
NEVADA AIR NATIONAL GUARD	$ 13,000,000	+	$ 20,400,000	=	$ 33,400,000
	+		+		+
RENO NATIONAL CHAMPIONSHIP AIR RACES	$ 12,100,000	+	$ 8,400,000	=	$ 20,500,000
	+				+
PERSONAL PROPERTY/ POSSESSORY INTEREST TAXES	$ 6,500,000		—		$ 6,500,000
	=		=		=
TOTALS	$ 640,500,000	=	$ 450,100,000	=	$1,090,600,000

= AN IMPACT OF $3.0 MILLION PER DAY

EMPLOYMENT	2,132	+	1,475	=	3,607

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Testimony for
Robert Cashin, Area Director,
Los Angeles County Transportation Commission

before

The Subcommittee on Water Resources,
Transportation and Infrastructure

December 10, 1990

Mr. Chairman, my name is Robert Cashin. I am the Area Director for the South Bay region of the Los Angeles County Transportation Commission (LACTC). I want to first of all thank you for the opportunity to appear here today to discuss the reauthorization of the Federal-aid highway program as it relates to the Los Angeles Region.

The Los Angeles County Transportation Commission was created by the California Legislature in 1976. The Commission sets policies and funds the county's streets and highways, rail, and paratransit services. Through Proposition A, the half-cent sales tax dedicated to public transit improvements, we raise over $400 million annually which has been used to fund rail construction, support our bus system, and provide roughly 25% as a local return to the 86 cities within Los Angeles County for a wide range of transit services and improvements.

Last November, the people of Los Angeles County renewed their commitment to improving transportation needs and relieving congestion by voting to pass Proposition C, which will add an additional 1/2¢ to the sales tax for transportation needs in the County. This new commitment will annually bring in an additional $400 million in new revenues for many needed projects.

An important aspect of Proposition C is that 25% of the revenues are allocated to improved transit speed and reliability on streets and freeways. In addition, as you know, three statewide ballot initiatives were passed in California last June to increase the state gas tax and rail financing over the next 10 years.

These are two of the most recent examples of the public's commitment to improving transportation in Los Angeles County. I can assure you every penny will be needed to overcome the enormous transportation problems we are encountering. Currently our average freeway speed is 35 miles an hour and we have projected that by the year 2000 that will be down to 17 miles per hour. Right now, there are more people who go to work in Los Angeles alone in their own automobiles than any place in the world. Approximately, 98% of our residents commute by automobile. These statistics combined with the mandate to reduce air pollution which we have received from the Air Quality Management District and the new Clean Air Act Amendments present tremendous challenges to the Commission, and will dramatically change, and we hope improve, the quality of life we enjoy in Los Angeles. Air pollution costs the residents in the area as much as $13 billion a year in health expenses and damage to crops and property.

I would now like to briefly outline some of the projects and programs we have undertaken to eliminate these problems. We have taken a very broad and diverse approach in our efforts, from the implementation of HOV lanes and development of a five-county commuter rail network, to creating a major subway and light rail system.

SUBWAY & LIGHT RAIL

The "heart" of our transit program in Los Angeles County is the Metro Red Line. It is probably the program you are most familiar with, Senator, because of the tremendous support we have received at the Federal level from the Section 3 New Start funding. The Red Line, when completed will serve the downtown area of LA and will feed approximately 150 miles of light rail in every direction out of the central city. Nearly 70% of the first segment, which we refer to as MOS-1 is completed. Last April, the Commission signed a full-funding grant agreement with the Urban Mass Transportation Administration to finance construction of the next 6.7 miles and 8 stations known as MOS-2. The Metro Red Line will eventually be completed in 2001 with 18 miles of subway.

However, the people of Los Angeles County are already experiencing the benefits of mass transit through the Blue Line light rail system which was opened last July 16th. The Blue line serves points between downtown Los Angeles to Long Beach. We are pleased to report that our ridership projects have tripled our expectations for the first two years of operation. Currently ridership is over 20,000 on a daily basis. We will open the station which connects the Blue Line to the Red Line in February of next year, four months ahead of schedule.

Construction of the Metro Green Line begins in March. It is a fully automated, driverless system using the median of the new Glenn Anderson Century Freeway as right-of-way. It connects the cities of Norwalk and El Segundo with 22 miles of light rail. The Green Line is scheduled to begin operations in 1994.

COMMUTER RAIL

The LACTC has begun an ambitious program to provide commuter rail service to some of the most congested parts of the County. The commuter rail system will enable workers from the outlying counties to get to downtown Los Angeles and points in between. We have recently reached agreement with the Southern Pacific Railway to acquire 175 miles of right of ways and are in the process of negotiating with the Santa Fe Railroad for an additional 240 miles of right of way. The acquisition of these rights-of-way will enable us to begin service within the next two years. Just this month, we approved the purchase of the first 40 bi-level commuter rail cars -- each able to carry 162 riders.

MONORAIL

Some years ago, it appeared that proposals for Monorail, as a transit mode, would never go further than the drawing board. However, CALTRANS has reassessed the potential use of freeway medians for Monorail. We are aggressively studying potential use of Monorail, particularly in the San Fernando Valley, and we will need cooperation from FHWA to implement such a project.

SMART STREETS DEMONSTRATION PROGRAM

Our efforts in mass transit are expected to dramatically decrease commute times on our freeways by eliminating many auto trips. However, due to the geographic layout of the County and Southern Californians' affinity for the automobiles we must also use our highways more efficiently.

An area that is gaining interest, at the local and national level, is advancing Intelligent Vehicle Highway

Systems (IVHS) and locally, the multi-agency Smart Street Demonstration program.

Smart Streets utilize a full range of advanced technologies to reduce congestion, pollution and travel delays through improved traffic management and information so drivers can make informed decisions about alternate routes when accidents or delays occur.

Based upon our experience during the LA Olympics using elements of this technology in the USC-Coliseum area, we believe that motorists on our most congested freeway/corridor, the Santa Monica Freeway, can reduce travel times by 15%, with a resulting reduction in fuel use of 13% and pollution emissions of 10%.

A recently concluded statewide Smart Corridor study identified 16 corridors among 120 candidates covering 1000 miles of California freeways that would yield a benefit in excess of three times their costs to construct and operate. It is no surprise that half of the top 16 candidates are in Los Angeles County.

We were pleased to see that the Congress in it's FY 91 federal highway budget provides $20 million for IVHS research and applications and we would encourage you, Senator, as a key player on transportation issues to continue and improve that effort. IVHS will benefit not only the Los Angeles area but may provide some relief to highway congestion problems in the Las Vegas metropolitan area as well. In addition, we are developing and implementing technologies which will be transferable to other major urban areas.

BUS SYSTEM

The Southern California Rapid Transit District operates the largest bus system in the United States. It is an integral part of our transportation system. In addition, to address the new national clean air goals, the RTD, with support from LACTC, has embarked on one of the most ambitious test programs on the use of alternative fuels by buses. We have demonstrations involving both methanol and compressed natural gas buses. There are 40 methanol buses now in service and we are also experimenting with use of diesel particulate traps.

We are also investigating the potential of electrifying high density transit corridors, and hope to have demonstration service in operation by 1992.

HOV

The Commission is also working with the state, neighboring counties and transit operators to expand the metropolitan HOV network. This will provide tangible travel-time incentives to bus and carpool users, while also reducing congestion in marked flow lanes. Major HOV lanes under construction or in development at this time include lanes on the Harbor (I-110) transitway, and HOV extensions from Orange County on the San Diego (I-405) and Artesia (SR91) freeways.

In another effort to make better use of existing freeways, in Los Angeles County we recently unveiled a comprehensive, county-wide program of freeway tow service vehicles which will quickly respond to accidents and stalled vehicles on our freeways. Fifty percent (50%) of the congestion on Los Angeles freeways is caused by accidents and vehicle breakdowns. The new service will significantly reduce accidents caused by that congestion, while providing prompt service to stranded motorists.

REAUTHORIZATION OF HIGHWAY PROGRAMS

Senator, those of us in the hinterlands are still figuring out many of the changes which were made as part of the '91 Budget and Deficit Reduction Act.

It is clear that there is a new direction in terms of using spending caps instead of the deficit reduction targets contained in the original Gramm-Rudman Act.

What this means is that we will probably have to work within existing resources and explore alternative funding mechanisms at the federal level.

An example of this is the $1.5 billion which Congress and the President approved for expenditures out of the Highway Trust Fund for 1991.

This could be used as a source for a flexible funding program which could be used for highways or transit, based upon local needs and decision-making.

We feel that such a program could take advantage of the demonstration which California has undertaken through its Flexible Congestion Relief (FCR) funding program. Through this program, funds are provided to improve mobility and reduce congestion in a corridor. The Counties then develop the most effective means to do this, either providing additional capacity or constructing a freeway, removing local traffic by improving parallel arterials or constructing a parallel transit facility. The decision of which action to take is based upon cost-benefit analysis and community needs.

We do want to confirm, however, that having federal funds available for highway and local streets and roads projects is very important to both our regional network and the street systems maintained by our local jurisdictions.

MAG LEV STUDY

In Congress, there was unprecedented interest last session in establishing a federal role in Mag-Lev technology. In addition to the efforts to connect Las Vegas to Southern California, the LACTC has also been involved at the state level with a Mag-Lev project to connect Los Angeles Airport (LAX) sixty miles to Palmdale and an expanding regional airport there.

Recently the State of California selected four demonstration projects for private/public participation. Unfortunately, the LAX-Palmdale project ranked fifth. However, the LACTC is looking at ways to leverage some public support to make this project a possibility. We need to look not only at federal resources, but more importantly at ways to ensure strong cooperation between FHWA and regional Mag-Lev projects, especially in terms of securing authority to use federal interstate rights-of-way without having to cut through a mountain of red tape.

Senator Reid, I could continue for many hours on the programs we have under study and other options we are considering. However, I think I would conclude by saying that we are optimistic in Los Angles that despite the obvious enormous problems we have to overcome, with the support of Federal, State and local governments we will reach our goals of both improving transportation and meeting our commitment to Clean Air.

As you know our Executive Director, Neil Peterson, and now myself have had the opportunity to visit your state and meet with the individuals who are trying to meet some of the same demands in Nevada we have in Los Angeles. I would encourage you to visit Los Angeles and see first hand some of the programs I have described. Thank you once again for this opportunity, I would be happy to answer any questions.

TESTIMONY OF JOHN B. HESTER, DIRECTOR
WASHOE COUNTY DEPARTMENT OF COMPREHENSIVE PLANNING

REPRESENTING THE BOARD OF COUNTY COMMISSIONERS
OF WASHOE COUNTY, NEVADA

BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES, TRANSPORTATION, AND INFRASTRUCTURE

OF THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
U.S. SENATE

December 10, 1990

BIOGRAPHICAL INFORMATION
John B. Hester, AICP

Mr. Hester is currently the Director of the Washoe County Department of Comprehensive Planning. The Comprehensive Planning Department is engaged in a wide range of activities including long range planning, growth management, natural resources and conservation planning, and a variety of special projects through the department's Strategic Planning and Projects program. Mr. Hester has a Master of City and Regional Planning degree from the University of Texas at Arlington and is a member of the American Institute of Certified Planners. Prior to coming to Washoe County in 1981, he worked as a planner in the Dallas/Fort Worth and Cincinnati areas.

SUMMARY

I am appearing before you today to voice Washoe County's wholehearted support for the Nevada Department of Transportation's (NDOT) position regarding reauthorization of the Federal-Aid Highway Program and the federal role in financing our nation's transportation infrastructure. Specifically, we feel that the structure of the existing Federal-Aid Highway Program should be, with only minor modifications, maintained. We also believe that the money paid into the nation's Highway Trust Fund through the federal gas tax should be used for the purpose of maintaining and improving our nation's highway and transit systems and that the current federal policy of withholding trust funds to artificially mask the magnitude of the overall federal deficit should be discontinued.

COMMENTS

Financing new and maintaining existing transportation infrastructure is one of the most expensive activities that any governmental jurisdiction faces and Washoe County is no exception. In our current six-year capital improvements program, almost 50% of the total project costs identified, over $105 million dollars, are for transportation-related projects. Unfortunately, only $40 million dollars in funding from existing, secure sources have been identified to meet the $105 million dollars in transportation project costs identified in the CIP. While Washoe County expects to raise nearly $25 million for new construction over the next six years through our transportation impact fee program, over $40 million in project costs remain unfunded. Initial projections into the next century indicate that this unfunded deficit will likely continue to increase, unless new sources of funding are identified or existing funding sources are proportionally increased.

The relationship between a sound transportation network and any area's ability to attract new economic development, grow, and prosper is direct and unmistakable. As a result, Washoe County is vitally concerned over the Federal

Highway Administration (FHWA) and American Association of State Highway and Transportation Official's (AASHTO) joint proposal to replace the existing Federal-Aid Highway Program with a program that is built around what is termed a "Highway System of National Significance (HSNS)."

As proposed by the FHWA and AASHTO, the HSNS-based program would have a profoundly negative effect on Nevada and, in turn, Washoe County. We also think that such a program will be detrimental to the integrity of the national transportation system. As it is proposed, the HSNS-based program will have only two funding categories. One category will be the HSNS and approximately 60% of all federal revenue will be devoted to this system. This system will consist of the interstate system and certain major roadways currently included in the federal-aid primary system.

The second category will be composed of all other public roads in each state and all of the remaining funds will be returned to each state, essentially in the form of a block grant, on a dollar for dollar basis. This money will, in turn, have to be allocated among all remaining public roads in each state based upon each state's individual priorities. This proposal represents a significant shift from the currently accepted practice of disproportionately redistributing federally collected revenues so that geographically large western states with small populations (or, in many cases, states that are simply less populated) can maintain the primary and secondary rural highway systems that provide critical linkages between more populated centers of commerce.

This donor-donee relationship, which ensures that highways can be developed and maintained in the so-called "bridge" states like Nevada, has long been a feature of our nation's transportation policy. By sustaining this relationship over time, our legislators have recognized that a complete and well-maintained transportation system is critical not only to the well-being of each individual state, but that it also a necessary feature of a sound national economy and defense system. Indeed, imagine the difficulty that America would have encountered in completing the first trans-continental railroad and our current national highway system, which is unquestionably the world's finest surface transportation system, if the same parochial attitude now being espoused by those who support the HSNS-based program changes had previously prevailed at the national level.

As calculated by NDOT, a HSNS-based program will effectively reduce the number of miles specifically included in federal funding programs from approximately 5,400 to just over 1,000. Compounding the reduction in program funding is the proposal to increase federal match requirements which currently range between 5% and 20% to at least 40% or greater. The increased match requirement would further reduce the effectiveness of the federal funds as more state-funded activities would have to be reduced in order to fund the required match. In Nevada's case, determining how to prioritize and fund the remaining 40,000 miles of roadway that would theoretically become eligible through the block grant category would become an expensive and, very probably, controversial administrative problem that would also require resolution to the detriment of actual highway projects.

There are other potentially negative ramifications associated with the HSNS-based approach to funding our local, regional, state, and national transportation infrastructure. While the most immediate impact on Nevada will be the overall loss in revenue for state and local projects, perhaps equally important will be the loss of many of the existing programs and the standards which they promulgate. As it is currently structured, certain standards must be met and maintained on federally designated highway systems such as the interstate system, federal-aid primary system, the rural secondary system, the urban system, etc. The economic and safety-related consequences of this change in policy will be devastating if currently held design standards become compromised for the sake of political or financial expediency and the quality and consistency of our highways begin to vary from state to state or region to region.

Washoe County also shares NDOT's concern over the practice of withholding money in the National Highway Trust Fund, which was collected through the federal gas tax, in order to mask the federal deficit. Not only is the overall federal deficit not reduced by withholding these funds, it is quite probably exacerbated. Withholding these funds delays needed road projects which, in turn, stifles economic development, increases maintenance costs for existing roadways and vehicles (including those owned and maintained by the federal government), and increases auto-related air pollution. Each of these problems carries a public cost, either in loss of revenues as in the case of reduced economic development, or greater expenses in the case of increased maintenance costs and pollution reduction programs. The cost that everyone pays in their quality of life as a consequence of these fund being withheld must also be considered.

Because we believe that properly funding our highway network is in the best interest of Nevada and the nation, we strongly urge the legislative and executive branches of the federal government to release the highway and transit funds now held in the trust fund so that critical transportation projects can proceed. This money has been paid in good faith by highway users nationwide for the purpose of developing and maintaining our transportation systems. We can no longer afford to use the National Highway Trust Fund to artificially offset the overall deficit. To do so violates the trust and good faith of the citizens who have contributed their money and compounds the transportation, economic, and quality of life problems that we must all face as one nation.

City of Reno
DEPARTMENT OF PUBLIC WORKS
MILLARD G. REED, P.E., DIRECTOR

January 7, 1991

The Honorable Harry Reid
United States Senator, NEVADA
Environment and Public Works Committee
The Dirksen Building
Attn: Janet Burrell
Washington D.C. 20510

Dear Senator:

The Mayor has requested that the following comments be submitted to your office as follow-up to the public hearing you conducted for the "Environment and Public Works Committee" on December 10, 1990.

It was our privilege to offer testimony at the hearing and we are offer the following for your consideration in the deliberations of the committee. You posed the question to us as to what important intersections within Reno are of concern to us. We identified several locations but did neglect to inform you of the most important new intersection needed, for the developing northwest area, on Interstate 80 at Robb Drive. The city has entered into agreement with the Department of Transportation to provide the state share of approximately $2 million to match the federal funding as soon as it is available. This interchange will be a lifeline to the area by relieving existing bottlenecks.

Also during the hearing you posed the question whether the city had a vehicle anti-idling ordinance, to which we answered in the affirmative. In review of that question, it appears it may have been prompted by a recent newspaper article wherein a city vehicle was cited as remaining in place and idling for over an hour. The article was correct regarding the idling, however the author failed to ask the city to confirm or explain. The asphalt patch trucks used by the city have a "hot box" which keeps the mix hot overnight by electricity and is further kept warm during the cold winter days by the truck's engine exhaust being run through the mix material thus eliminating the need to have another engine running to generate a secondary heat source.

We appreciate this opportunity to offer testimony to the Subcommittee for Water Resources, Transportation and Infrastructure.

Sincerely,

Millard G Reed

MILLARD G. REED, P.E.
DIRECTOR OF PUBLIC WORKS

P.O. BOX 1900, RENO, NEVADA 89505 • (702) 785-3833

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December 10, 1990

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STATEMENT TO TRANSPORTATION SUBCOMMITTEE BY THE LEAGUE TO SAVE LAKE TAHOE

The League to Save Lake Tahoe, a 33-year-old, non-profit, public interest group dedicated to preserving Tahoe's unique beauty for the citizens of Nevada and the nation, welcomes Senator Harry Reid's interest in the transportation issues we face.

Growing traffic congestion and persistent violations of air quality standards have made transportation the most imperative environmental issue facing the Lake Tahoe Basin today. In partnership with other members of the Tahoe Transportation Coalition, we are seeking federal support for an aggressive, imaginative program that will bring Tahoe's woefully inadequate transportation system into the 21st century.

Despite the Nevada/California compact's mandate for Tahoe to reduce its dependence on the automobile, traffic has risen 10 percent over the past decade. Violations of state carbon monoxide standards occur routinely. Evidence of ozone damage to our pine trees is accumulating. Automobile exhaust is even harmful to the lake itself, by adding pollutants which aggravate an already alarming decline in the lake's world-famous purity. The environmental threshold carrying capacities enacted pursuant to the compact require a 10 percent traffic reduction by the year 2007. They also mandate compliance with all applicable air quality requirements imposed by Nevada, California and the federal government.

We are seeking bold solutions to ensure that the "thresholds" are attained. Transit systems that are non-polluting, attractive and convenient to our residents and visitors are essential for reducing dependence on the automobile. A mix of intercity rail, light rail, buses, shuttles, demand-operated systems and ferry services will be necessary to serve the basin's varying transportation needs.

In addition, it will be necessary to impose on automobiles the environmental costs of their use, through a basin user fee and other mechanisms, to ensure that the cost of building and operating the transit systems is shared fairly and equitably.

As outlined in the Tahoe Transportation Coalition statement, we are seeking federal support of intercity rail studies, Forest Service participation in transportation planning efforts, and eliminating legal barriers impeding startup of lake ferry services.

We appreciate Senator Reid's interest in Tahoe's transportation issues and welcome the subcommittee's participation in the solutions that will help preserve Lake Tahoe as a national treasure, now and in the years to come. Thank you for your attention.

Laurel W. Ames
Executive Director